


3 1761 11767285 7









Digitized by the Internet Archive  
in 2023 with funding from  
University of Toronto

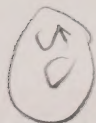
<https://archive.org/details/31761117672857>







CAI  
MH50  
- C53



Government  
Publications

# MHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

## Starts up, resales hit record levels

Fourth Quarter, 1999

### Overview

#### Starts:

1999: +6.6 %

2000: +4.6 %

#### Resales:

1999: + 6.0 %

2000: + 2.2 %

**Starts:** Look for a 6.6 per cent boost to starts in 1999 to 146,500 units and an additional 4.6 per cent jump in 2000 to 153,200, driven by improved consumer confidence, rising migration, and stronger house prices. Apartments and semi-detached will dominate.

**Resales:** Sales of existing homes will reach record levels, up 6 per cent this year to 333,300 units, and 2.2 per cent next year to 340,600 units, with Ontario and B.C. leading the way.

**Prices:** Expect resale prices to be up around 3 per cent in 1999 to \$157,400 and 3 per cent in 2000 to \$162,400. New home prices will increase slightly: 1 per cent increase this year and 2 per cent next year.

Details on page three.

3 **NATIONAL OUTLOOK:**  
Apartments and semi-detached homes dominate.

4 **TRENDS IMPACTING HOUSING**

5 **PROVINCIAL REPORTS**

5 British Columbia

6 Alberta

7 Saskatchewan

8 Manitoba

9 Ontario

10 Quebec

11 New Brunswick

12 Nova Scotia

13 Prince Edward Island

14 Newfoundland

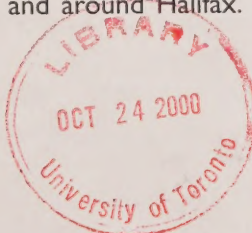
15 **FORECAST TABLES**

**CMHC Housing Outlook:  
National Edition is your  
national sales, marketing,  
and business planning tool.**

## The Nation's HOT SPOTS

**Ontario:** Ontario is the real strength behind the numbers in 1999. Look for starts to jump 28 per cent this year. Apartments and semi-detached will post the strongest gains. (See Page 9).

**Nova Scotia:** The Sable Island Gas megaproject is a major reason for the 27% surge in starts expected in 1999. Growth will focus on high-end apartments, condominiums, and upper-end subdivisions in and around Halifax. (See Page 12).





## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2003, fax: 613 748-4069  
To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST  
Single issue \$30 plus GST  
*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.chmh-schl.gc.ca/mktinfo/store](http://www.chmh-schl.gc.ca/mktinfo/store)>

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 1999 Canada Mortgage and Housing Corporation  
All rights reserved.

ISSN 1488-6537





# National Housing Outlook

## In Detail

### Apartments and semi-detached homes riding high in Ontario

Apartments and semi-detached dwellings will account for the lion's share of the increase in home building in Canada in 1999, up 19 and 20 per cent respectively. Look for apartment and semi-detached starts to surge by 96 and 62 per cent in Ontario.

### Single-detached in Nova Scotia, and Ontario.

Starts of single-detached homes will edge up 3.9 per cent this year. Two markets stand out: Nova Scotia, and Ontario both with gains of 19 per cent or more.

### Oil and gas boosts Atlantic Canada

Expansion in the oil and gas industry is giving a shot in the arm to housing demand in Halifax and St. John's. Much of the demand is for relatively upscale units.

### Empty nesters and seniors drive condo and apartment construction

Canada's aging population is making its presence felt. Demand for condos and life-lease projects is growing in Manitoba. In Saskatchewan, moderately priced condos are popular with seniors. In Newfoundland, apartments and condos loom as growth areas. In Nova Scotia and New Brunswick, upscale rental apartment developments have surfaced, catering to empty nesters and seniors.

### Record resale numbers

Record-high activity takes place this year as transactions surge in Ontario and jump by close to 10 per cent in B.C., while Alberta and Quebec show sustained strength.

### Prices up everywhere except B.C.

There is a general market tightening going on, and moderate but healthy price increases reflect that. Prices will be up in all provinces except B.C., with gains greater than consumer price inflation in most provinces. In B.C., prices likely will bottom out this year, as bargain hunters actively look to move-up in the main centres' best neighbourhoods.

## Spotlight on IMMIGRATION

### Where are the immigrants?



**Reduced immigration in 1998 hit those most able to help the housing market.**

Last year, Immigration slid 19 per cent to the lowest level since 1988. The drop came despite target levels that were up slightly from the year before.

**What happened?**

Officials attribute the slump to the Asian economic downturn. At least 15,000 visas issued were not used, presumably because people could no longer afford to come. The drop-off in immigration was large in B.C. and Ontario, where the majority of immigrants are Asian.

The shortfall was especially notable in the case of skilled workers and business immigrants (entrepreneurs and investors). These are individuals and families with job skills and money, people who can afford to live independently and to buy homes. By contrast, family-class immigrants often join family members already in Canada and therefore have less immediate impact on housing demand.

**Also see "Migration" on Page Four.**



# Trends Impacting Housing

## Positive Impact

- ✓ *Economy in high gear*
- ✓ *Mortgage rates stay low*
- ✓ *Consumers upbeat*

## The Economy

The economy grew at a brisk 4.2 percent annual clip in the first quarter and at a still robust 3.3 per cent in the second. The strong start this year coupled with the resilience of the U.S. economy has improved the outlook for 1999. Look for growth this year of 3.1 per cent, dropping to 2.9 per cent next year as the U.S. economy slows, reducing demand for Canadian exports.

The booming U.S. economy is providing a boost to manufacturers in central Canada. Energy megaprojects are doing the same for the Atlantic economy. In B.C., expect recovery from the Asian economic crisis and low commodity prices to pick up steam next year.

## Mortgage Rates

Mortgage rates should remain low. Rates will edge up in the coming months before dropping back in the second half of next year. Over the remainder of this year and the next, look for one-year rates in the 6.50-7.50 per cent range, three-year rates between 7.00 and 8.00 per cent and five-year rates from 7.25 to 8.25 per cent.

## Consumers

Consumers are upbeat. Consumer confidence plunged in the third quarter of 1998, but it now stands higher than a year ago.

As equity markets rebounded in the first quarter, employment prospects strengthened as well. Further, the dollar stabilized and consumer spending surged.

## What to Watch For

- ✓ *Slower Employment*
- ✓ *Alberta still one of the top migration destinations*

## Employment

Strong recent job creation will be a plus for home building in coming months. The job market in 1998 was the hottest of the 1990s, but job gains are down in 1999. Look for slower employment growth this year and next. Manufacturing remains a strong point, pushed by the U.S. appetite for Canadian exports. Growth in full-time employment is ahead of last year's pace but has reversed in recent months.

## Migration

Last year, many of those hoping to come to Canada reportedly had their plans derailed by the Asian economic collapse. Immigration fell well short of government targets, and net migration to Canada dropped to around 140,000 from levels of nearly 190,000 in each of the previous three years. Look for immigration to bounce back gradually in the next eighteen months as Asian economies recover. Increased arrivals will give a lift to construction in the four largest provinces, particularly in major centres in B.C. and Ontario.

Within Canada, the exodus of population from B.C. to other provinces shows no sign of abating. Alberta remains the top destination of interprovincial migrants, but inflows are down by half from a year ago. Ontario's strong economy is luring job hunters at an increasing rate. The net population gain through interprovincial migration in the first quarter was the largest in over ten years.



# British Columbia

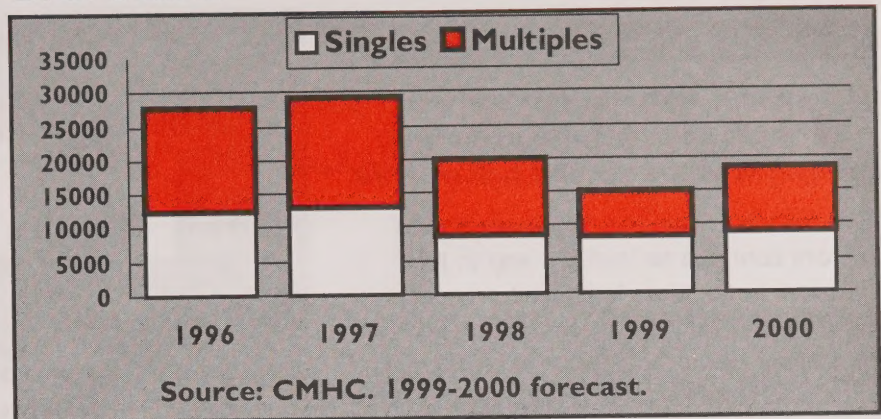
## Overview

The recent slide of the BC housing market will not be as severe as the "crash" experienced in the early 1980s.

This will be a transitional year for the new housing market. New licensing requirements for all builders, high development costs, poor consumer confidence, and a marked loss of interest from offshore homebuyers are behind reduced starts in 1999.

CMHC forecasts housing starts to recover in 2000, up 23 per cent to 18,500, but to remain substantially below the ten-year annual average of 33,400. However, much of the starts activity over the last ten years was fueled by offshore investors rather than local demand.

## B.C. Starts



The future for the B.C. economy is definitely improving, with a continued increase in business and personal service jobs in urban areas. With lumber prices pushing beyond the \$420 mark, recovery in the forest sector will stabilize many resource towns and provide spillover benefits for urban areas as well. Prospects are less promising for base metals and the outlook for mining is weak.

Resale activity is the bright spot. Sales activity will be up 10 per cent in 1999. With B.C. still a key destination for international immigrants, and new listings starting to tighten, prices will trend up in 2000. Buyers seeking to move up in some neighbourhoods have resulted in bidding wars.

## In Detail

**Single Starts:** Condominium projects are facing stiff competition from new single-detached developments. Developers are building affordable homes of between 1,500 and 2,200 square feet on 25-foot lots. Look for single starts to drop 2.2 per cent this year before rebounding 5.9 per cent in 2000.

**Multiple Starts:** Buyers are looking for high-amenity projects in the best locations, close to the water and near the urban core of Vancouver and Victoria. First-time buyers are also interested in these areas and are willing to sacrifice space to gain affordability. Multiple starts will see a 42.2 per cent slide in 1999 and a 46.2 per cent recovery in 2000.

**Resales:** Resale figures for the first half of the year indicate that single-detached housing in most B.C. markets is red hot and gaining momentum. This is expected to continue, with homes on 33-40 foot lots leading the way. With the market coming out of a slump, consumers have

the opportunity to buy a single-detached home as their first home or to move up into one of the best neighbourhoods. The town home market is improving, particularly in the most expensive neighbourhoods, where affordability is critical. In contrast, condominiums are selling when vendors are willing to come down in price. This requires sellers to change their mindset, since prices have declined almost 20 per cent since the height of the market, in February 1995. Look for total sales to rise by 9.6 per cent this year and 6.9 per cent in 2000.

**Prices:** After dropping 3.8 per cent last year, the average price for existing homes will slip another 2.9 per cent in 1999 before edging up in 2000.

## Spotlight on DEVELOPERS

### Costs are rising

Developers report that building costs have been pushed up by a rise in the prices of lumber, panel board, and copper. And more than the red hot U.S. housing market is to blame for rising costs. Wage rates have remained high because an estimated 8,000 tradespeople have left the province in response to the recent slide in the economy. Finally, as developable land prices and building lots are considered to be 25 per cent too high to make projects feasible, smaller, less-expensive housing forms are being built.



# Alberta

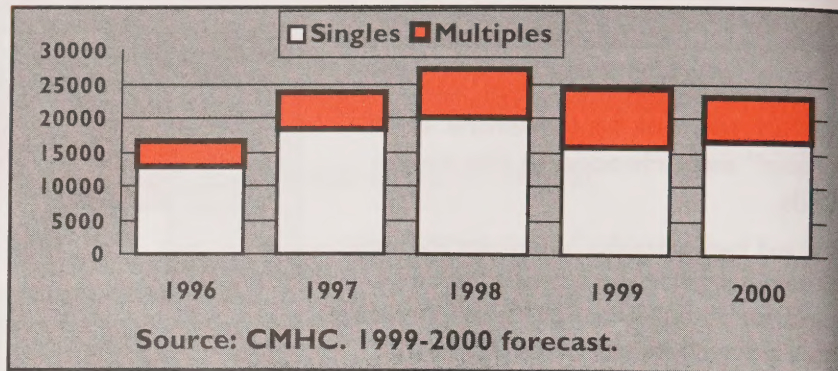
## Overview

**Strong employment growth will contribute to improved economic prospects in the second half of 1999.**

The manufacturing and wholesale trade sectors continue to lead the way in job creation. In addition, improved prospects for oil and natural gas prices will trigger substantial resource-related investment and translate into increased drilling activity in the fall.

Manufacturing shipments are poised for growth, with the largest gains expected in the production of refined petroleum products. Rapid expansion in heavy oil, increased activity by natural gas industries and a turnaround in oil drilling will provide the momentum for stronger economic growth in 2000.

## Alberta Starts



So far in 1999, growth has been weak in provincial retail sales. Consumers have yet to shrug off worries over job security following the announced layoffs and corporate rationalization of the first quarter. As recent oil price gains prove sustainable and as pipeline expansion opens up higher-priced American markets for Alberta natural gas, improving consumer confidence will fuel housing demand in 2000.

Strong net migration will add to the momentum in 2000. While falling from record levels established in 1997 and 1998, CMHC expects provincial net migration to remain well above the historical 10-year average in both 1999 and 2000.

## In Detail

**Single Starts:** Unlike multi-unit starts, which will record an increase over 1998 this year, new single-family construction will experience a setback, dropping 21 per cent in 1999. Over the past several years, strong in-migration, robust demand for single-family homes and the rising cost of land has driven up prices for new single-family dwellings. As a result of affordability constraints, many first- and second-time home buyers have shown a preference for new multi-unit dwellings over new single-family homes. At the same time, many new multi-units, equivalent to or higher in price than new single-family homes, offer lifestyle opportunities and condominium living.

**Multiple Starts:** New multi-unit construction will reach 8,450 starts in 1999, an increase of 19.9 per cent over 1998. Apartments will be the fastest growing house type. New apartment units will surge to 64 per cent of total multi-unit starts. In comparison, the level of semi-detached starts is expected to remain stable while new construction of row units will decline in 1999. Total multiple starts will tail off to 6,750 units in 2000.

**Rental:** Rising rents and tight vacancies will cause more households to double up across the province. Vacancies are expected to ease somewhat in 2000.

**Resales:** Healthy sales activity will mark 1999 as the third-best year on record. Look for sales to drop 3.2 per cent in 1999 and 2.4 per cent in 2000.

**Prices:** Prices will continue to rise. CMHC forecasts price growth of 5 per cent in 1999 and 1.8 per cent in 2000.

## Spotlight on ENERGY

### Oil and natural gas remain positive

By mid-1999, strong U.S. demand for natural gas combined with flat production prompted an increase in imports to the U.S. and a decline in U.S. inventories. With inventories returning to more normal levels, rising demand for the winter heating season will translate into further gas price increases.

Early in the year, the price of oil began to climb as a result of a general compliance with production quotas among OPEC countries. Pending demand increases due to seasonal factors and a slow recovery in world oil demand will lead to sustained oil price increases in 1999.



# Saskatchewan

## Overview

Although housing starts bounced back this summer, weak job growth plagued housing markets in the final quarter of 1998, through the first half of 1999.

Total starts will come in at 2,850 units this year and next. This will be the second-best performance of the decade, on the heels of a 1998 high of 2965 starts.

Strength this year will come mostly in the second half, in line with renewed momentum in the resale market.

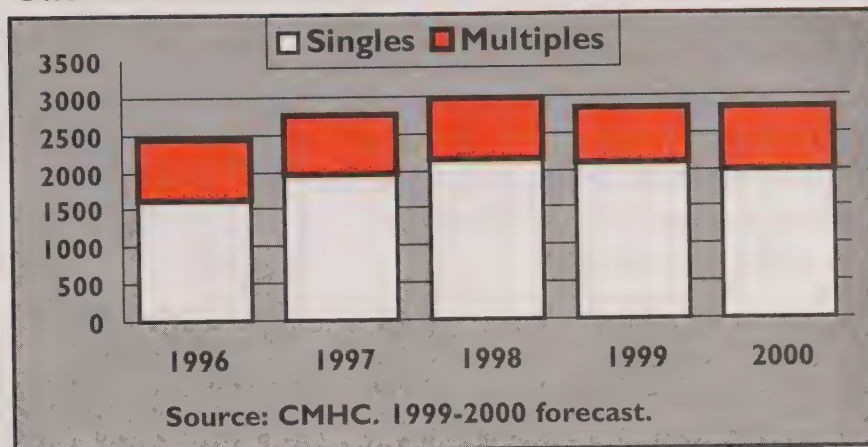
Locally, both Regina and Saskatoon saw an increase in the market share captured by homes priced \$150,000 and up. The main reason for the recovery is steady demand from move-up households frustrated with lack of choice in the resale market.

## In Detail

**Single Starts:** Look for increasing demand from first-time buyers faced with rising rents and limited supply of affordable, good-quality existing housing. Notwithstanding higher demand for more modest homes, move-up, luxury homes priced \$150,000 and up will dominate the market. The highest construction volumes in a decade took place last year. Expect single starts to fall back 2.5 per cent in 1999 and 4.8 per cent in 2000.

**Multiple Starts:** Saskatoon continues to dominate the province's new condominium market, though Regina has already made a significant recovery after a dismal performance in 1998. Starts and sales will be stronger in Saskatoon, perhaps because the more buoyant resale market will yield greater equity gains for empty-nesters selling their existing homes. Both Regina and Saskatoon will see a continuation of balanced market conditions, with steady demand from buyers and a varied choice of styles.

## Saskatchewan Starts



Look for increasing demand from first-time buyers faced with rising rents and limited supply of affordable, good-quality existing housing. Builders will find new home buyers so eager for low prices that they are more willing to accept higher density, narrow lot designs. Notwithstanding increased demand from buyers of more modest homes, move-up, luxury homes priced \$150,000 and up will dominate the market.

As the provincial economy picks up, sales of new single-family homes will bounce back to 1998 levels, averaging over 30 sales per month in Regina and 55 per month in Saskatoon.

**Resales:** Provincial resale markets are characterized by steady demand, limited choice for buyers, rising prices and short listing periods. Most cities, except those affected by the slowdown in oil exploration, are experiencing seller's market conditions. The limited supply of existing homes on the market should ease sales somewhat.

**Prices:** Look for increased demand for affordable starter homes throughout the province from renters faced with rental increases. The scarcity of affordable ownership housing will keep average prices rising - by 2.8 per cent in 1999 and 5.0 per cent in 2000.

## Spotlight on NEW CONDOS

**Popularity rising as baby-boomers age**

**Freedom from maintenance concerns will attract more empty-nesters to the condominium lifestyle and encourage more of this type of construction throughout the province.**

**Moderately priced units between \$80,000 and \$100,000 have been popular with lower-income seniors and first-time buyers, but the supply of suitable land has been largely exhausted in the major centres.**



# Manitoba

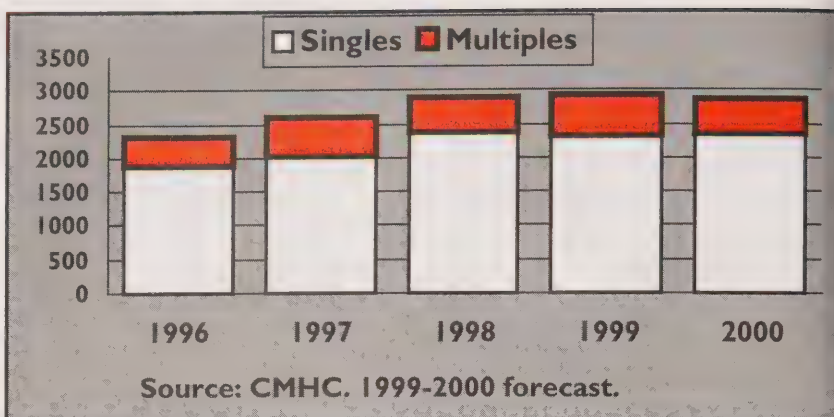
## Overview

Over the next two years, Manitoba housing markets will be fueled by moderate interest rates, steady economic growth and a more positive migratory balance.

This process began in the first half of 1999, when solid job growth, low borrowing costs and the lowest unemployment rate in the country lifted consumer confidence and supported residential construction.

We expect economic growth in Manitoba to average 2.6 per cent in 1999, as the province continues to benefit from a solid performance in its diversified manufacturing sector. Notwithstanding special factors that have disrupted the housing market over the summer, such as heavy rain falls and the 1999 Pan-American Games, the basic

## Manitoba Starts



fundamentals remain positive. Our view is that a minor slowdown will begin in the second half of this year, prompted by increased prices for building products and an easing in U.S. economic growth. The lull in residential construction will be temporary and we expect single-family starts to reach 2,320 this year.

In 2000, Manitoba's economy will grow at a respectable 2.4 per cent, as the moderating effect of the weaker U.S. economy is offset by stronger world resource demand. Single-family starts will continue to exhibit strong momentum next year, with 0.4 per cent growth expected to kick off the new millennium.

## In Detail

**Single Starts:** The lull in residential construction in the second half of 1999 will be temporary. Look for single starts to reach 2,320 this year. Single starts will continue to exhibit momentum next year, with 0.4 per cent growth.

**Multiple Starts:** Demographic pressures resulting from an aging population and improving net migration are strengthening the demand for condominiums and life-lease projects. In 1999, new apartment construction is expected to reach the highest level of activity in this decade. Expect some easing in apartment construction in 2000, but a strong year nonetheless.

**Rental:** Vacancy rates will decrease modestly across major centers, as a growing number of young adults leave home to pursue bright employment prospects elsewhere.

**Resales:** During the first half of 1999, MLS residential sales for Manitoba's five urban centers were ahead of last year's totals. Leading the way were Brandon, up by 3.0 per cent, and Winnipeg, up by 1.0 per cent. CMHC is forecasting 10,700 resale units in Manitoba, slightly behind last year's pace, and a recovery to 10,750 sales in 2000.

**Prices:** Average residential prices are forecast to increase by around 1.0 per cent in both 1999 and 2000. We expect the most popular price range to reflect the province's increasing move-up market, at between \$120,000 and \$149,999.

## Spotlight on LABOUR

In 1999, we are forecasting employment growth to reach 2.3 per cent. Next year, even though the U.S. economy will slow, job creation will maintain its momentum as world commodity prices continue to regain ground.

Overall, many of Manitoba's manufacturing industries will prosper in 1999, with the aerospace, food-processing, and transportation equipment industries leading the way. CMHC estimates that more than 23,000 new jobs will be created over the next two years.



# Ontario

## Overview

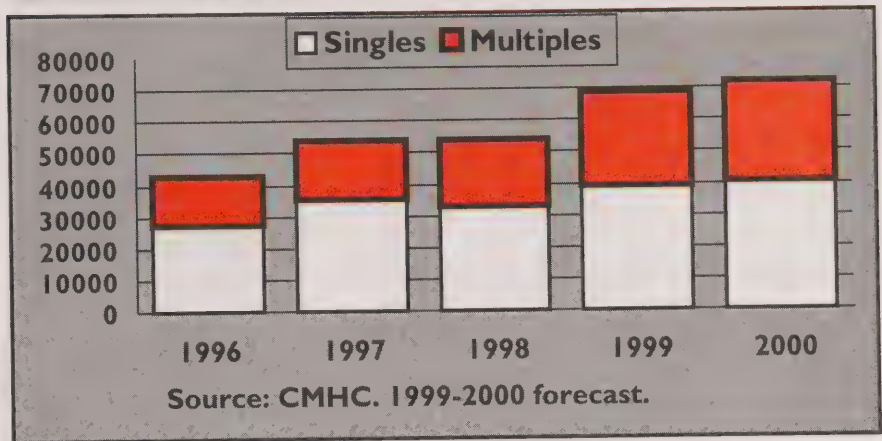
**Ontario's home markets are a good news story.**

Tightening resale markets in a growing economy boosted second quarter home starts to a 69,600-unit seasonally adjusted annual rate, the second highest rate of the 1990s. This is significantly more than the 53,830 homes started in 1998.

Housing starts will jump by 28 per cent this year to the highest annual level of the decade. Even higher residential construction levels are expected next year. A part of this year's starts increase is explained by the trade strikes which held down last year's construction. The main reason is job-driven household formation.

Home construction costs have edged up. This is evident in the new home price

## Ontario Starts



indexes for Ontario's major metropolitan areas. All those indexes have inched up, except the Sudbury/Thunder Bay index. The largest construction cost increases are in and near Toronto, where resale markets have tightened significantly.

The province's large manufacturing base has benefited from a low Canadian dollar and high exports. Gross Domestic Product grew by over four per cent last year and will continue to grow in the same very healthy range over the next couple of years. Resulting job growth will bolster demand for both new and resale homes. Leading economic indicators are positive and support healthy growth projections.

## In Detail

**Single Starts:** Single starts will rise by 20 per cent this year. Improved consumer confidence and low mortgage carrying costs have allowed more potential buyers to consider buying a detached dream home — the most popular, but also the most expensive, form of housing.

**Multiple Starts:** Multiple-family homes will jump by over a third — a common development during periods when home prices are edging up. New multiple homes are an affordable substitute for single-detached homes. Most of the province's multiple construction will be in ownership homes: town homes and condominium apartments. Rental construction will be very low this year and will edge up next year.

**Resales:** Resale home markets have tightened, especially in and near Toronto and in Ottawa. Sales will reach record levels, jumping 10.1 per cent in 1999 and 3.6 per cent in 2000.

**Prices:** Price increases will remain modest to moderate — 4.1 per cent in 1999 and 3.4 per cent in 2000. Affordable mortgage carrying costs will ensure strong first-time buyer activity, and move-up buyers will also be active. Potential move-up buyers who want to move by cashing in on equity in existing homes will find them relatively easier to sell.

## Spotlight on MIGRATION

### Influx of job seekers

Ontario's growing economy is attracting job seekers from Canada's other provinces. The latest migration data show a jump in inter-provincial migration to over 10,000 persons last year — the highest in a decade.

Inter-provincial migration to Ontario will double over the next two years and offset lower international migration. International migration is at its lowest level in over a decade, but is high compared to the first half of the 1980s.

Migrants tend to rent first and purchase homes after they become established.



# Quebec

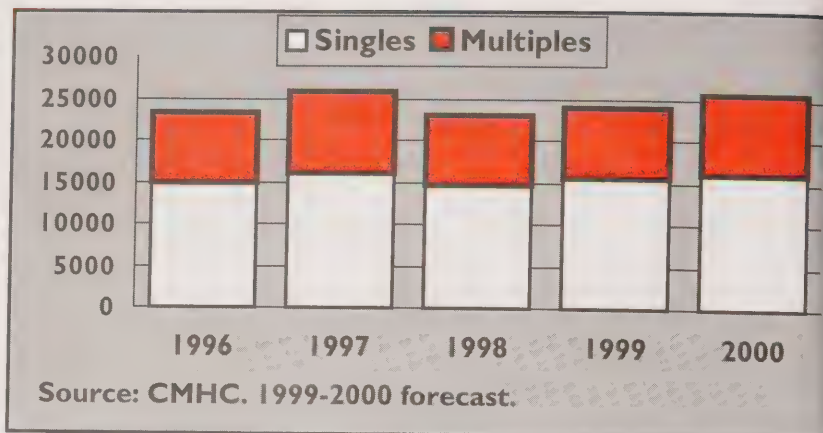
## Overview

**Residential construction will continue to benefit from economic growth in Quebec during 1999 and 2000.**

Housing starts for Quebec overall will reach 24,060 units in 1999 and 25,580 in 2000. Resales will hold steady at 45,940 in 1999, representing an increase of 1.7 per cent, followed by a 1.1 per cent decrease to 45,460 transactions in 2000.

The best housing market prospects this year will be in existing homes, while the new home segment will start to revive. A good portion of transactions will be for starter homes ranging between \$80,000 and \$100,000. The situation should persist in 2000, as sustained strength in the resale market creates opportunities for new construction.

## Quebec Starts



The outlook for migration is positive for the next two years, with more than 6,000 new residents expected. Quebec's booming industries, such as aerospace, pharmaceuticals and information technology, are attracting more and more immigrants. These sectors offer excellent working conditions and above-average salaries, which is good news for residential construction, especially single-family.

## In Detail

**Single Starts:** Single-family home starts in 1999 and 2000 should match the performance of recent years, surpassing the 15,000-unit mark.

**Multiple Starts:** Multiple housing starts will decline slightly in 1999 and then revive in 2000. Semi-detached and row-home building will remain low, while rental apartment and condominium starts will stay at essentially the same level. This sector enjoys strong demand from young buyers, especially in the Montréal area. If the volume of semi-detached and row housing construction has been low, the reason can be found in the appeal of the existing home market, where prices remain competitive and supply is still abundant.

**Resales:** Since 1996, the level of activity in the resale sector has maintained an annual pace of over 40,000 transactions, exceeding the historical average of 27,000 sales per year since 1980. Look for sales to match the 1998 level of around 45,000.

**Prices:** The growth in prices will be stimulated by a decrease in the number of properties for sale, along with a high level of sales, particularly in Montréal. Look for price increases of 3.1 per cent in 1999 and 2.1 per cent in 2000.

## Spotlight on BUILDING SPEED

**One fourth of singles built under 3 months**

**It doesn't take long to build a home in Quebec. All starts are completed within one to three quarters.**

**In fact, approximately 26 per cent of single-family home starts are finished within one quarter. This percentage is 15 per cent for semi-detached and row houses.**

**After another quarter, 48 per cent of starts are completed in the case of single-family houses, 49 per cent for semi-detached and row homes and 51 per cent for apartment buildings. After three quarters, almost all starts are finished.**



# New Brunswick

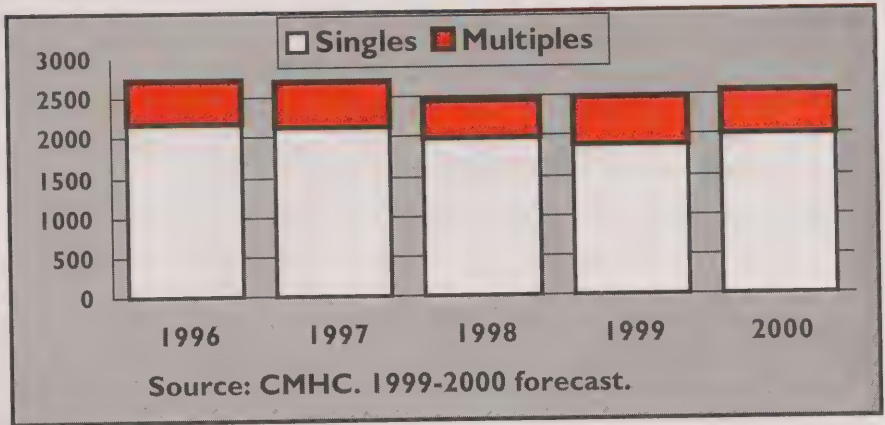
## Overview

### Another record year for N.B. resale market?

Record low provincial unemployment rates reached this summer reflects massive investment in nonresidential construction megaprojects and a continued influx of information technology firms and call centres. This splendid economic performance is expected to create an ideal environment for another record level of resale activity in 1999, and only slight easing in 2000.

CMHC is forecasting a 2.0 per cent increase in provincial MLS sales and a 3.0 per cent increase in average sale price this year, mainly on the strength of the Moncton and Saint John markets. Resale market

## New Brunswick Starts



activity will remain strong through 2000 as the spin-offs from megaproject capital investment work their way through the economy via buoyant consumer confidence.

While historically low levels of rural construction will limit housing starts growth to 1.1 per cent in 1999, a 3.0 per cent rebound is expected in 2000 as resale inventories decline and more buyers opt to build their home.

## In Detail

**Single Starts:** Despite strength in the economy and the labour market, single-family home starts will decline by 5.7 per cent in 1999 as construction in rural areas remains very weak and strong home ownership demand in urban centres is met by a large supply of homes available on the resale market. However, single starts are expected to rebound 6.7 per cent in 2000 as continued strength in MLS sales results in a declining number of existing homes offered for sale at higher prices, encouraging a growing number of potential home buyers to choose new construction.

**Multiple Starts:** Very strong demand for large, upscale apartments, condominiums and townhouses in Moncton and Fredericton is expected to result in construction of 600 new multiple housing units and another 550 in 2000. These projects will be targeted at empty nesters, seniors, as well as young professionals, and will offer plenty of space and features that these discerning tenants demand. High levels of semi-detached unit construction will also continue as excellent affordability levels prevail in markets across the province.

**Resales:** High employment levels and economic spinoffs from non-residential construction investment will keep consumer confidence high through 2000. This will act as a catalyst for another outstanding year in resales in 1999 before the market eases in 2000.

**Prices:** Look for a 3.0 per cent MLS average price increase this year, as move-up buyers drive key suburban markets in southern New Brunswick. However, first-time buyers are expected to become more active in 2000, a development likely to hold price growth down in most urban markets.

## Spotlight on RENTAL MARKETS

Despite oversupplied rental markets across the province, developers remain very active as demand shifts to more affluent renters.

An increasing number of seniors are considering renting as a flexible, low-maintenance housing option. However, most of the available supply consists of modest units in older buildings considered unsuitable by more exacting seniors.

As a result, new rental unit construction continues but is predominantly characterized by well-located, spacious, upscale apartments, which command premium rent levels.



# Nova Scotia

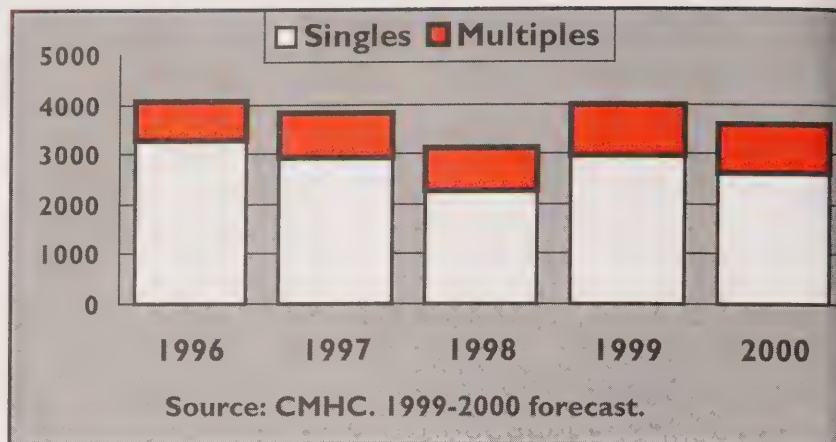
## Overview

**Year two of the Sable Island Gas mega-project is paying dividends in the housing sector as Builders and Realtors see activity levels rarely seen in the nineties.**

After a full year in operation, the \$3 billion Sable Island Offshore Energy Project is paying off for the housing industry. As a result, employment is flying high and Nova Scotia real estate agents are set to achieve a new record for homes sold this year. Meanwhile, builders will continue to struggle to keep up with surging demand for the better part of this year.

Geographically, most of the growth will take place in the Halifax area, where over 60 per cent of new homes in the province will be built and 65 per cent of existing-home transactions will take place. Within Halifax,

## Nova Scotia Starts



activity will be concentrated around high-end apartments and condominiums along with upper-end subdivisions in Bedford, Hammonds Plains, and the Halifax Peninsula.

Despite the hot housing news in the province, a couple of factors are holding the market back. Although resales will reach new heights this year, a steady decline in supply has limited options for buyers. Similarly, demand has been so strong for newly built homes that some builders are experiencing shortages of labour and materials. However, this has created waiting lists and will lead to continued healthy levels of housing activity this year.

## In Detail

**Single Starts:** The driver of growth in '99 will be executive homes priced over \$200,000 in Halifax. So far almost 1 in 5 new homes sold were priced above \$200K, compared with 1 in 10 last year. A shortage of resale listings in this price range will keep the upper end of the market driving new home construction for the next 4 to 6 months. Shortages of materials and labour used in construction will also contribute to the rise in new house prices.

**Multiple Starts:** Developers in Halifax are eager to take advantage of an aging population. Large apartments with five appliances and underground parking are popping up around Metro. Monthly rents are reaching new heights, often in excess of \$1,000, and service and quality are the key attractions. Many of the newer projects targetting the empty-nesters and seniors are now full, suggesting that we are only in the early stages of high-end rental market development.

**Resales:** Low supply levels and healthy demand will translate into record resales for Nova Scotia realtors this year. As sales slow later in 1999, expect a slower, yet healthy, pace of sales next year.

**Prices:** MLS figures so far this year show home sales driven by the upper end of the market. Homes priced in excess of \$200,000 are in short supply and are selling quickly, often at or above list price. This trend is expected to continue, albeit at a more moderate pace, for the remainder of this year. Look for average price increases of 3.6 per cent in 1999 and of a further 1.5 per cent in 2000.

## Spotlight on INVESTMENT

### Sable spurs non-residential spending

Spending rose by 27 per cent in 1998, largely as a result of the Sable Project. So far this year, spending is up by another 45 per cent.

Given the current pace of spending, it is no surprise that Nova Scotia's housing markets continue to post impressive results. However, the pace of non-residential spending will begin to decline this fall when Sable begins to wind down. Consequently, look for Nova Scotia's housing markets to return to more moderate levels of activity late this year.



## P.E.I.

## Overview

An ample supply of existing homes in Prince Edward Island combined with attractive mortgage interest rates have realtors eagerly anticipating another record year.

Employment growth and consumer confidence will continue to support a strong demand for existing homes over the forecast period. CMHC expects both of these factors to combine with low mortgage interest rates to push MLS sales to a record level of sales this year. Last year's outstanding performance should be surpassed with 1,150 sales in 1999, largely because of increased transactions in the Summerside region and in rural areas.

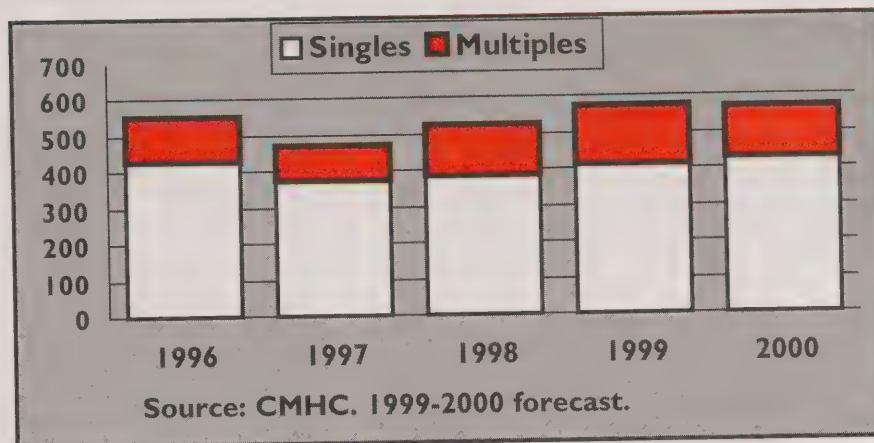
## In Detail

**New Single Family:** Strong demand in Charlottetown and rural areas will help the provincial market exceed last year's level of 387 single starts. There were more first-half rural single starts this year than in any year since 1996. A record-breaking tourism season and solid performance by most key industries last year will continue to support the demand for new homes in rural areas in 1999 and 2000. A substantial jump in MLS sales in Charlottetown last year resulted in a significant drop in active listings. Home buyers are now looking into the new home market to purchase a house that will meet their needs.

As a result, the demand for single-family dwellings remains strong. Expect single starts to increase significantly in the Charlottetown area, especially in Stratford and Charlottetown City. To the end of June, single starts were 35 per cent higher than in 1998.

**Multiple Starts:** Multiple starts will remain strong despite high vacancies across the province. Residential construc-

## P.E.I. Starts



However, greater demand for existing homes will result in a slight drop in listings and an upward pressure on prices in the medium term. The average MLS sales price is expected to rise by almost 2 per cent in 1999.

This trend is expected to continue through 2000 as move-up buyers will capture an increasing share of the resale market. As a result, expect the average sales price for an existing home in the province to go up in 2000.

tion in the Summerside area is now back on track after a difficult two-year period following the completion of the Confederation Bridge.

**Resales:** Employment growth and consumer's confidence in the economy will continue to support strong demand for existing homes. When combined with low mortgage interest rates, CMHC is expecting MLS sales to exceed last year's outstanding performance, with 1,150 units in 1999. An increase in transactions in the Summerside region and rural areas will mainly contribute to the record level of sales this year.

**Prices:** The average MLS sales price is expected to rise by almost 2 per cent in 1999. This trend is expected to continue through 2000 as move-up buyers will capture an increasing share of the resale market. As a result, expect the average sale price for an existing home in PEI to rise 2.5 per cent in 2000 to reach the \$83,000 mark.

## Spotlight on INTEREST RATES

Interest rates are expected to rise slowly and gradually in the second half of 1999 through the second quarter of 2000 as the world economy grows.

This may cause a boost to the housing market in the short term as potential home buyers surveying the market will be more anxious to purchase their house before mortgage interest rates reach higher levels.



# Newfoundland

## Overview

**In-migration of professional personnel involved in the expanding oil and gas industry has bolstered housing demand and will continue to fuel activity over the longer term.**

Ongoing expansion in the oil and gas industry will remain a major catalyst to provincial economic growth over the next two years and beyond. When combined with a broad based expansion in other key industries, CMHC predicts that MLS sales will reach record levels this year and maintain that pace into the new millennium.

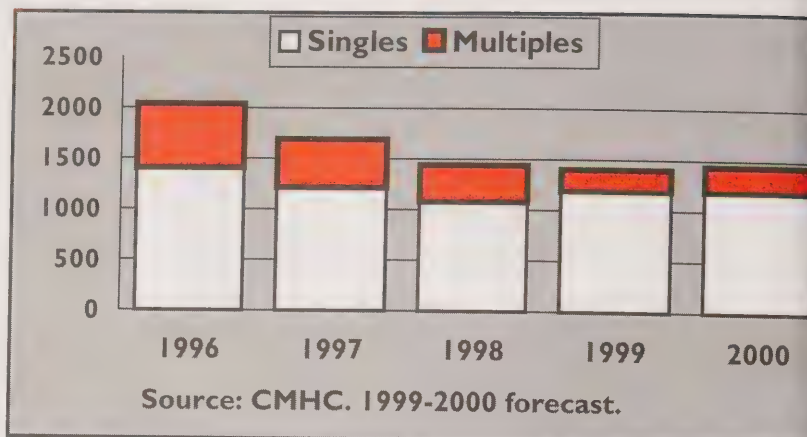
Most of the anticipated growth will occur in the St. John's region, where the expansion of infrastructure involved in the supply and service of offshore oil and gas resources is likely to take place. Move-up activity will continue to be bolstered by immigrants

## In Detail

**Single Starts:** Sustained employment growth, a recovery in demand from move-up buyers and reduced choice on the existing homes market will support a rebound in single-detached starts. The St. John's metropolitan area will continue to outperform the remainder of the province, reflecting immigration associated with an expanding oil and gas industry. With the ongoing recovery in the fishery expected to gain momentum in 1999 and 2000, the downward trend in rural starts is expected to subside. The relocation of the community of Davis Inlet in coastal Labrador will generate an additional 100 single-detached starts over the next two years.

**Multiple Starts:** Oversupply in provincial rental markets remained a drag on multiple-unit construction, which plummeted 60 per cent during the first half. Double-digit vacancy rates and ongoing conversion of vacant rental stock to condos will continue to reduce the need for new multi-units this year and next.

## Newfoundland Starts



involved in oil and gas as well as the resurgence of more confident owners of existing homes.

Sales of single-family homes in the \$100,000 to \$150,000 range will continue, while the sale of more elaborate bungalows and executive two-storey dwellings priced between \$150,000 and \$250,000 will be supported by increased demand from individuals employed in high-paying jobs.

Conversion of vacant rental or commercial space to higher priced condominiums will continue, as will renovation of existing housing stock in the downtown area of St. John's.

Demand from seniors will give a slight boost next year, with additional investment expected in apartment rental units in the St. John's region.

**Resales:** Renewed consumer confidence and competitive price advantages over new homes will continue to stimulate MLS sales. Move-up activity will also benefit from the boom in first-time homebuying which took place in the early 1990's.

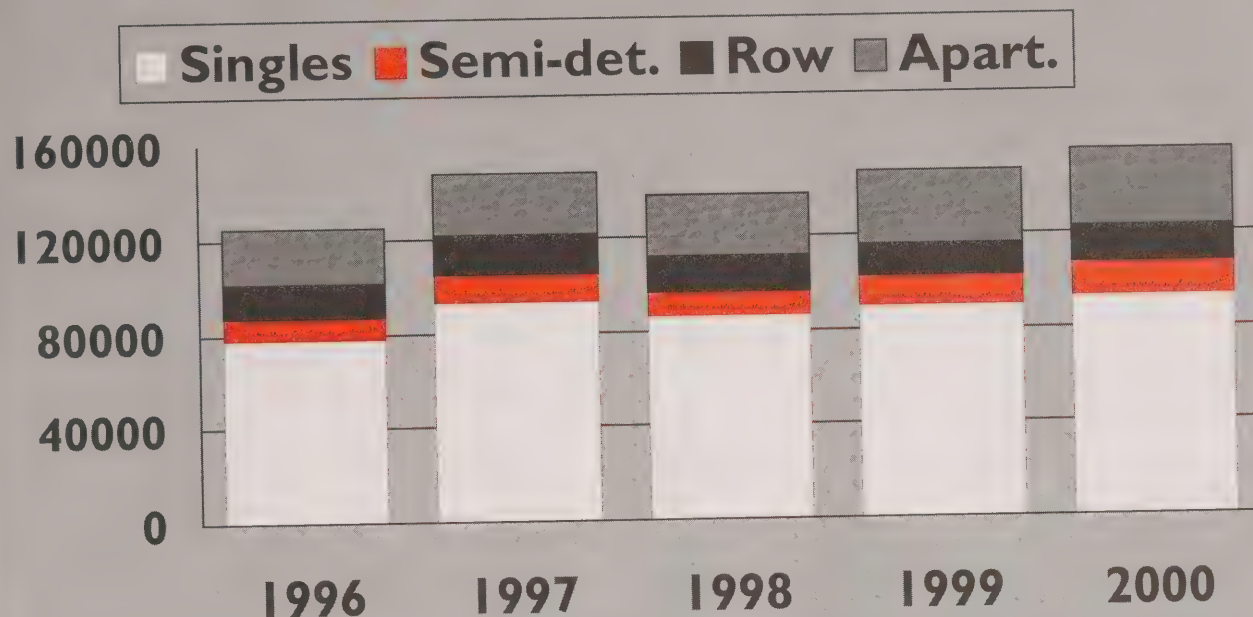
**Prices:** Despite the increase in move-up activity, average price growth will continue to be moderated by sales of lower-priced housing in communities outside urban centres.

## Spotlight on OIL AND GAS: The flame burns bright

Despite recent production delays at Hibernia, the oil and gas industry will remain a major contributor to economic growth. Oil production from the Hibernia field is now forecast at around 40 million barrels this year and to reach its peak of 50 million in 2000. Spending on Terra Nova will peak this year and offshore exploration activity will also rise. Direct expenditures will approach \$1.4 billion in 1999 and create 2,500 direct jobs. In light of recent exploration results on the Whiterose field, the longer term prospects are bright, especially for higher-end housing.



# Housing Starts by Structure Type



Source: CMHC Forecast 1999-2000

## Total Housing Starts (units and annual per cent change)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
<b>NFLD</b>	2243	1712	2034	1696	1450	1400	1450
%	-6.7	-23.7	18.8	-16.6	-14.5	-3.4	3.6
<b>PEI</b>	669	422	554	470	524	575	570
%	3.7	-36.9	31.3	-15.2	11.5	9.7	-0.9
<b>NS</b>	4748	4168	4059	3813	3137	4000	3600
%	10.9	-12.2	-2.6	-6.1	-17.7	27.5	-10.0
<b>NB</b>	3203	2300	2722	2702	2447	2475	2550
%	-13.3	-28.2	18.3	-0.7	-9.4	1.1	3.0
<b>QUE</b>	34154	21885	23220	25896	23138	24060	25580
%	0.4	-35.9	6.1	11.5	-10.7	4.0	6.3
<b>ONT</b>	46645	35818	43062	54072	53830	69000	72000
%	3.3	-23.2	20.2	25.6	-0.4	28.2	4.3
<b>MAN</b>	3197	1963	2318	2612	2895	2920	2850
%	31.8	-38.6	18.1	12.7	10.8	0.9	-2.4
<b>SASK</b>	2098	1702	2438	2757	2965	2850	2850
%	11.6	-18.9	43.2	13.1	7.5	-3.9	0.0
<b>ALTA</b>	17692	13906	16665	23671	27122	24250	23250
%	-2.5	-21.4	19.8	42.0	14.6	-10.6	-4.1
<b>BC</b>	39408	27057	27641	29351	19931	15000	18500
%	-7.9	-31.3	2.2	6.2	-32.1	-24.7	23.3
<b>CAN</b>	154057	110933	124713	147040	137439	*146500	*153200
%	-0.9	-28.0	12.4	17.9	-6.5	6.6	4.6

Source: CMHC Forecast 1999-2000.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual per cent change)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
<b>NFLD</b>	1455	1165	1395	1220	1086	1200	1200
%	-6.7	-19.9	19.7	-12.5	-11.0	10.5	0.0
<b>PEI</b>	454	364	430	374	387	415	430
%	-1.3	-19.8	18.1	-13.0	3.5	7.2	3.6
<b>NS</b>	3358	3040	3278	2939	2257	2950	2600
%	7.4	-9.5	7.8	-10.3	-23.2	30.7	-11.9
<b>NB</b>	2547	1722	2173	2125	1989	1875	2000
%	0.5	-32.4	26.2	-2.2	-6.4	-5.7	6.7
<b>QUE</b>	18414	13428	14818	16073	14685	15689	16000
%	7.5	-27.1	10.4	8.5	-8.6	6.8	2.0
<b>ONT</b>	30036	20124	27019	35401	32737	39000	40500
%	14.5	-33.0	34.3	31.0	-7.5	19.1	3.8
<b>MAN</b>	2441	1564	1875	2019	2368	2320	2330
%	30.3	-35.9	19.9	7.7	17.3	-2.0	0.4
<b>SASK</b>	1542	1341	1612	1954	2154	2100	2000
%	14.9	-13.0	20.2	21.2	10.2	-2.5	-4.8
<b>ALTA</b>	12671	10096	12949	18170	20077	15800	16500
%	-2.8	-20.3	28.3	40.3	10.5	-21.3	4.4
<b>BC</b>	16591	11581	12447	12911	8691	8500	9000
%	-6.7	-30.2	7.5	3.7	-32.7	-2.2	5.9
<b>CAN</b>	89509	64425	77996	93186	86431	*89800	*92600
%	5.2	-28.0	21.1	19.5	-7.2	3.9	3.1

Source: CMHC Forecast 1999-2000.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual per cent change)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
<b>NFLD</b>	788	547	639	476	364	200	250
%	-49.5	-30.6	16.8	-25.5	-23.5	-45.1	25.0
<b>PEI</b>	215	58	124	96	137	160	140
%	-53.3	-73.0	113.8	-22.6	42.7	16.8	-12.5
<b>NS</b>	1390	1128	781	874	880	1050	1000
%	-55.5	-18.8	-30.8	11.9	0.7	19.3	-4.8
<b>NB</b>	656	578	549	577	458	600	550
%	-74.1	-11.9	-5.0	5.1	-20.6	31.0	-8.3
<b>QUE</b>	15740	8457	8402	9823	8453	8371	9580
%	-8.1	-46.3	-0.7	16.9	-13.9	-1.0	14.4
<b>ONT</b>	16609	15694	16043	18671	21093	30000	31500
%	-36.7	-5.5	2.2	16.4	13.0	42.2	5.0
<b>MAN</b>	756	399	443	593	527	600	520
%	-59.7	-47.2	11.0	33.9	-11.1	13.9	-13.3
<b>SASK</b>	556	361	826	803	811	750	850
%	-58.6	-35.1	128.8	-2.8	1.0	-7.5	13.3
<b>ALTA</b>	5021	3810	3716	5501	7045	8450	6750
%	-61.5	-24.1	-2.5	48.0	28.1	19.9	-20.1
<b>BC</b>	22817	15476	15194	16440	11240	6500	9500
%	28.3	-32.2	-1.8	8.2	-31.6	-42.2	46.2
<b>CAN</b>	64548	46508	46717	53854	51008	*56700	*60600
%	-24.1	-27.9	0.4	15.3	-5.3	11.2	6.9

Source: CMHC Forecast 1999-2000.

(F) Forecast.

\* Total does not add due to rounding.



## Multiple Housing Starts by Type

		1994	1995	1996	1997	1998	1999 (F)	2000 (F)
F	Semi-detached	20	72	141	158	163	50	50
	Row	66	40	40	18	20	10	20
	Apartment	702	435	458	300	181	140	180
	Total	788	547	639	476	364	200	250
EI	Semi-detached	47	20	10	12	28	26	25
	Row	59	18	68	43	10	28	15
	Apartment	109	20	46	41	99	106	100
	Total	215	58	124	96	137	160	140
IS	Semi-detached	518	417	447	303	290	225	200
	Row	99	72	59	58	89	50	75
	Apartment	773	639	275	513	501	775	725
	Total	1390	1128	781	874	880	1050	1000
NB	Semi-detached	166	127	138	106	106	145	110
	Row	73	51	92	132	89	80	90
	Apartment	417	400	319	339	263	375	350
	Total	656	578	549	577	458	600	550
QC	Semi-detached	4172	2264	2384	2767	1930	1580	2190
	Row	2364	1046	1094	1433	1074	820	1090
	Apartment	9204	5147	4924	5623	5449	5971	6300
	Total	15740	8457	8402	9823	8453	8371	9580
ON	Semi-detached	3421	2306	3348	4299	4575	7400	8000
	Row	7226	6175	8124	9964	10073	10000	10300
	Apartment	5962	7213	4571	4408	6445	12600	13200
	Total	16609	15694	16043	18671	21093	30000	31500
MAN	Semi-detached	72	45	126	143	131	120	100
	Row	410	121	113	96	81	75	70
	Apartment	274	233	204	354	315	405	350
	Total	756	399	443	593	527	600	520
SK	Semi-detached	96	86	134	160	174	180	200
	Row	110	60	193	352	222	75	85
	Apartment	350	215	499	291	415	495	565
	Total	556	361	826	803	811	750	850
ALB	Semi-detached	1068	592	1049	1458	1428	1600	1200
	Row	1676	1340	1203	1691	1512	1400	1350
	Apartment	2277	1878	1464	2352	4105	5450	4200
	Total	5021	3810	3716	5501	7045	8450	6750
B.C.	Semi-detached	2539	1607	1528	1979	1218	800	1100
	Row	5164	2964	3364	3469	2117	1400	1900
	Apartment	15114	10905	10302	10992	7905	4300	6500
	Total	22817	15476	15194	16440	11240	6500	9500
CAN	Semi-detached	12119	7536	9305	11385	10043	*12100	*13200
	Row	17247	11887	14350	17256	15287	*13900	*15000
	Apartment	35182	27085	23062	25213	25678	*30600	*32500
	Total	64548	46508	46717	53854	51008	*56700	*60600

Source: CMHC 1999-2000 Forecast.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/Co-op		Total Rental	Condo	Other*	Total 10,000+		
		Private	Assisted						
NFLD	1998	18	0	18	78	255	351	13	36
	1999	20	0	20	40	110	170	30	20
	2000	150	0	150	20	60	230	20	25
PEI	1998	105	0	105	0	7	112	25	13
	1999	106	0	106	0	29	135	25	16
	2000	100	0	100	0	20	120	20	14
NS	1998	400	0	400	0	310	710	173	88
	1999	600	0	600	75	275	950	100	105
	2000	600	0	600	50	275	925	75	100
NB	1998	264	0	264	12	129	405	53	45
	1999	275	0	275	100	195	570	30	60
	2000	275	0	275	75	180	530	20	55
QUE	1998	2529	0	2529	3234	2287	8050	403	845
	1999	2505	0	2505	3203	2264	7972	399	837
	2000	2866	0	2866	3666	2592	9124	456	958
ONT	1998	1159	15	1174	9080	10740	20994	99	21093
	1999	1050	0	1050	14300	13700	29050	950	30000
	2000	2400	0	2400	13400	14300	30100	1400	31500
MAN	1998	280	0	280	203	2	485	42	527
	1999	220	0	220	300	0	520	80	600
	2000	230	0	230	250	0	480	40	520
SASK	1998	67	0	67	627	7	701	110	81
	1999	50	0	50	600	0	650	100	750
	2000	50	0	50	700	0	750	100	850
ALTA	1998	692	0	692	4706	701	6099	946	7045
	1999	650	0	650	6100	800	7550	900	8450
	2000	650	0	650	4400	800	5850	900	6750
BC	1998	429	386	815	9773	0	10588	652	11240
	1999	900	400	1300	5000	0	6300	200	6500
	2000	1000	400	1400	7700	0	9100	400	9500
CAN	1998	5883	401	6344	26766	14438	48495	2516	51011
	1999	6386	400	6776	28779	17373	53867	2814	**56700
	2000	8321	400	8721	29187	18227	57209	3431	**60600

Source: CMHC 1999-2000 Forecast.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.



## MLS Total Residential Sales (units and annual per cent change)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
<b>NFLD</b>	<b>1873</b>	<b>1655</b>	<b>2005</b>	<b>2170</b>	<b>2288</b>	<b>2350</b>	<b>2350</b>
%	0.3	-11.6	21.1	8.2	5.4	2.7	0.0
<b>PEI</b>	<b>599</b>	<b>476</b>	<b>750</b>	<b>806</b>	<b>1125</b>	<b>1150</b>	<b>1000</b>
%	-8.4	-20.5	57.6	7.5	39.6	2.2	-13.0
<b>NS</b>	<b>7140</b>	<b>7019</b>	<b>8372</b>	<b>7567</b>	<b>8052</b>	<b>8500</b>	<b>8100</b>
%	-0.6	-1.7	19.3	-9.6	6.4	5.6	-4.7
<b>NB</b>	<b>3339</b>	<b>3496</b>	<b>4023</b>	<b>3941</b>	<b>4080</b>	<b>4150</b>	<b>4100</b>
%	-4.1	4.7	15.1	-2.0	3.5	1.7	-1.2
<b>QUE</b>	<b>33575</b>	<b>29824</b>	<b>39194</b>	<b>43463</b>	<b>45192</b>	<b>45944</b>	<b>45461</b>
%	5.3	-11.2	31.4	10.9	4.0	1.7	-1.1
<b>ONT</b>	<b>115185</b>	<b>104993</b>	<b>137921</b>	<b>140608</b>	<b>138463</b>	<b>152500</b>	<b>158000</b>
%	7.8	-8.8	31.4	1.9	-1.5	10.1	3.6
<b>MAN</b>	<b>10825</b>	<b>9749</b>	<b>10965</b>	<b>11180</b>	<b>10762</b>	<b>10700</b>	<b>10750</b>
%	2.6	-9.9	12.5	2.0	-3.7	-0.6	0.5
<b>SASK</b>	<b>7459</b>	<b>7349</b>	<b>8689</b>	<b>8346</b>	<b>8068</b>	<b>8000</b>	<b>7800</b>
%	1.1	-1.5	18.2	-3.9	-3.3	-0.8	-2.5
<b>ALTA</b>	<b>32512</b>	<b>29098</b>	<b>37485</b>	<b>43693</b>	<b>43383</b>	<b>42000</b>	<b>41000</b>
%	-12.2	-10.5	28.8	16.6	-0.7	-3.2	-2.4
<b>BC</b>	<b>75270</b>	<b>58082</b>	<b>72182</b>	<b>68182</b>	<b>52910</b>	<b>58000</b>	<b>62000</b>
%	-7.0	-22.8	24.3	-5.5	-22.4	9.6	6.9
<b>CAN</b>	<b>287777</b>	<b>251741</b>	<b>321586</b>	<b>329956</b>	<b>314323</b>	<b>*333300</b>	<b>*340600</b>
%	0.0	-12.5	27.7	2.6	-4.7	6.0	2.2

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 1999-2000.

(F) Forecast.

\* Total does not add due to rounding.

## MLS Average Residential Price (dollars and annual per cent change)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
<b>NFLD</b>	<b>91697</b>	<b>89525</b>	<b>93661</b>	<b>92226</b>	<b>91514</b>	<b>92000</b>	<b>92500</b>
%	0.5	-2.4	4.6	-1.5	-0.8	0.5	0.5
<b>PEI</b>	<b>78753</b>	<b>73807</b>	<b>83923</b>	<b>86402</b>	<b>79579</b>	<b>81000</b>	<b>83000</b>
%	8.7	-6.3	13.7	3.0	-7.9	1.8	2.5
<b>NS</b>	<b>91109</b>	<b>89788</b>	<b>93444</b>	<b>96693</b>	<b>97015</b>	<b>100500</b>	<b>102000</b>
%	2.4	-1.4	4.1	3.5	0.3	3.6	1.5
<b>NB</b>	<b>84149</b>	<b>83994</b>	<b>84198</b>	<b>87205</b>	<b>86648</b>	<b>89000</b>	<b>89500</b>
%	-0.9	-0.2	0.2	3.6	-0.6	2.7	0.6
<b>QUE</b>	<b>102242</b>	<b>98837</b>	<b>98603</b>	<b>101715</b>	<b>103947</b>	<b>107190</b>	<b>109390</b>
%	-0.2	-3.3	-0.2	3.2	2.2	3.1	2.1
<b>ONT</b>	<b>160158</b>	<b>154606</b>	<b>155662</b>	<b>164382</b>	<b>167115</b>	<b>174000</b>	<b>180000</b>
%	2.3	-3.5	0.7	5.6	1.7	4.1	3.4
<b>MAN</b>	<b>83761</b>	<b>81897</b>	<b>85318</b>	<b>85404</b>	<b>86334</b>	<b>86916</b>	<b>87814</b>
%	2.5	-2.2	4.2	0.1	1.1	0.7	1.0
<b>SASK</b>	<b>72738</b>	<b>73796</b>	<b>77478</b>	<b>83978</b>	<b>87577</b>	<b>90000</b>	<b>94500</b>
%	2.9	1.5	5.0	8.4	4.3	2.8	5.0
<b>ALTA</b>	<b>117336</b>	<b>114772</b>	<b>117673</b>	<b>124865</b>	<b>132905</b>	<b>139500</b>	<b>142000</b>
%	0.2	-2.2	2.5	6.1	6.4	5.0	1.8
<b>BC</b>	<b>229514</b>	<b>221860</b>	<b>218687</b>	<b>220512</b>	<b>212045</b>	<b>206000</b>	<b>208000</b>
%	8.3	-3.3	-1.4	0.8	-3.8	-2.9	1.0
<b>CAN**</b>	<b>158354</b>	<b>150368</b>	<b>150848</b>	<b>154644</b>	<b>152363</b>	<b>*157400</b>	<b>*162400</b>
%	3.5	-5.0	0.3	2.5	-1.5	3.3	3.2

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 1999-2000.

(F) Forecast.

\* Total does not add due to rounding.



### Employment (annual per cent change)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
NFLD	0.7	1.4	-3.8	1.1	3.2	4.0	1.5
PEI	3.1	4.6	2.5	0.6	0.6	1.1	0.7
NS	3.1	1.2	0.2	1.8	3.0	2.3	0.7
NB	0.7	2.1	-0.3	1.1	2.6	1.3	1.0
QUE	2.5	1.5	0.3	1.5	2.1	2.3	1.8
ONT	1.4	1.4	1.5	1.9	3.7	3.0	3.1
MAN	0.5	2.0	0.8	2.4	1.5	2.3	2.0
SASK	0.5	0.7	0.2	2.8	0.9	0.6	1.5
ALTA	3.1	2.7	2.9	3.1	3.9	3.2	2.8
BC	4.0	1.7	2.5	1.8	1.2	1.2	1.8
CAN	2.1	1.6	1.3	1.9	2.8	2.5	2.4

Source: Statistics Canada, CMHC Forecast 1999-2000.  
(F) Forecast.

### Unemployment Rate (per cent)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
NFLD	20.4	18.3	19.4	18.8	17.9	17.6	17.1
PEI	17.2	14.7	14.5	14.9	13.9	14.5	14.2
NS	13.3	12.1	12.6	12.2	10.7	9.7	10.0
NB	12.5	11.5	11.7	12.8	12.1	11.4	11.0
QUE	12.2	11.3	11.8	11.4	10.4	10.1	9.9
ONT	9.6	8.7	9.1	8.5	7.2	6.3	5.9
MAN	9.2	7.5	7.5	6.6	5.7	5.6	5.5
SASK	7.0	6.9	6.6	6.0	5.9	6.2	5.9
ALTA	8.6	7.8	7.0	6.0	5.7	5.3	5.2
BC	9.4	9.0	8.9	8.7	8.9	8.6	8.4
CAN	10.4	9.5	9.7	9.2	8.3	7.8	7.5

Source: Statistics Canada, CMHC Forecast 1999-2000.  
(F) Forecast.



## Real Gross Domestic Product (annual per cent change)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
NFLD	3.8	1.3	-1.6	1.4	4.3	4.0	3.0
PEI	5.3	5.2	3.9	1.2	1.4	1.8	1.7
NS	0.6	1.8	0.6	1.8	3.5	2.5	1.7
NB	2.0	1.9	1.7	1.1	2.0	2.7	2.0
QUE	2.8	1.2	1.0	2.7	2.9	3.1	2.6
ONT	4.7	3.3	1.1	4.5	4.2	4.1	3.7
MAN	3.9	1.8	2.3	3.4	3.2	2.6	2.4
SASK	5.3	0.8	3.5	5.2	1.2	1.6	2.3
ALTA	4.2	1.4	1.4	6.5	3.0	2.5	2.8
BC	3.9	1.2	1.1	2.2	-0.5	0.5	1.2
CAN	3.9	2.1	1.2	3.8	3.0	3.1	2.9

Source: Statistics Canada, CMHC Forecast 1999-2000.  
(F) Forecast.

## Total Net Migration\* (persons)

	1994	1995	1996	1997	1998	1999 (F)	2000 (F)
NFLD	-6921	-6886	-7913	-9121	-8838	-7000	-6500
PEI	830	558	591	-464	-161	30	-85
NS	-82	1257	1658	-487	-801	475	0
NB	-603	-844	-842	-1423	-2528	-1000	-1650
QUE	14284	18279	9376	3841	5004	6000	6500
ONT	90571	93096	92960	107613	85058	94000	98000
MAN	-1356	-1216	-1365	-4233	-978	-600	-250
SASK	-2472	-1595	-434	-1813	-3	-800	-300
ALTA	9471	15582	25664	44222	53291	36200	22500
BC	80006	69005	69112	51152	12353	18000	40000
CAN**	183728	187236	188807	189287	142397	145305	158215

Source: Statistics Canada, CMHC Forecast 1999-2000.  
(F) Forecast.

\* Sum of interprovincial migration, international migration, non-permanent residents, and returning Canadians.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, structures of 3 units +
Victoria	1998	964	520	-5.6	3145	246014		3.8
	1999 (F)	965	495	-8.0	3175	232000		4.0
	2000(F)	n.a.	n.a.	-3.0	n.a.	n.a.		3.8
Vancouver	1998	11878	3373	-5.0	19041	357029		2.7
	1999 (F)	7500	3000	-4.0	20550	345000		3.5
	2000(F)	8700	3700	-2.0	23000	352000		3.2
Edmonton	1998	5947	4080	3.4	13726	128290	A	1.9
	1999 (F)	6300	4150	2.2	13500	134000	A	1.5
	2000(F)	6600	4400	2.5	13900	142000	A	2.0
Calgary	1998	12495	9219	7.6	20554	167422		0.6
	1999 (F)	10500	6500	5.0	20300	175500		1.7
	2000(F)	9400	6600	3.5	20200	182300		2.3
Saskatoon	1998	1137	692	2.2	2993	103156	A	0.8
	1999 (F)	1145	675	2.0	3100	111000	A	2.0
	2000(F)	1110	660	2.0	3200	116000	A	2.0
Regina	1998	537	468	4.2	2868	85029	A	1.7
	1999 (F)	525	425	3.0	3000	90000	A	2.0
	2000(F)	600	460	3.0	3000	91500	A	2.0
Winnipeg	1998	1577	1192	0.8	9748	86838	A	4.0
	1999 (F)	1750	1150	1.0	9600	88900	A	3.8
	2000(F)	1600	1200	1.0	9700	89900	A	3.7
Thunder Bay	1998	224	161	-2.3	1431	110099	A	9.3
	1999 (F)	194	150	-0.7	1377	111750	A	9.0
	2000(F)	316	200	0.4	1400	113985	A	7.5
Sudbury	1998	165	161	-2.3	1693	109621	A	9.4
	1999 (F)	180	120	-0.7	1750	109750	A	7.5
	2000(F)	185	130	0.4	1800	109900	A	7.0
Windsor	1998	1938	1355	0.3	5016	130497		4.3
	1999 (F)	2050	1450	0.4	5016	135064		4.0
	2000(F)	1854	1464	0.6	4966	137765		3.9
London	1998	2027	1309	0.4	6416	129706		4.5
	1999 (F)	1875	1195	0.9	6750	132300		4.1
	2000(F)	1970	1255	1.4	6400	134500		3.8
Kitchener	1998	2549	1759	2.1	4365	143104	A	1.5
	1999 (F)	2680	1950	1.7	4550	147000	A	1.3
	2000(F)	2780	2000	1.6	4400	151000	A	1.3
St. Catharines-Niagara	1998	1319	996	3.1	5815	122440		4.6
	1999 (F)	1425	1015	1.2	5850	124405		4.1
	2000(F)	1350	1025	1.2	5900	126400		3.8
Hamilton	1998	3627	1736	3.2	10017	153628	A	3.2
	1999 (F)	3600	2000	0.9	10500	158500	A	2.8
	2000(F)	3800	2100	1.0	10700	161000	A	2.6
Toronto	1998	25910	12696	3.2	55344	216814	A	0.8
	1999 (F)	35500	15500	1.8	61000	226000	A	0.9
	2000(F)	n.a.	n.a.	3.2	n.a.	n.a.	A	0.7



## Local Market Indicators

Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate of structures of 1 units +
Ottawa	1998	1759	1400	n.a.	4237	150994		2.0
	1999 (F)	2190	1850	n.a.	4350	156000		1.5
	2000(F)	2265	1900	n.a.	4400	160000		1.5
Ottawa	1998	3615	2248	0.7	9547	155595	C	2.1
	1999 (F)	4230	2650	1.2	11150	161000	C	1.8
	2000(F)	4785	2830	1.0	11650	165800	C	1.8
Ottawa	1998	1244	638	0.7	2306	95514	S	6.7
	1999 (F)	1090	605	1.2	2630	95875	S	6.5
	2000(F)	1150	625	1.0	2600	96540	S	5.5
Montreal	1998	10291	5657	0.4	25254	122442	A	4.7
	1999 (F)	11000	5800	1.5	24800	126000	A	4.3
	2000(F)	n.a.	n.a.	1.5	n.a.	n.a.	A	4.0
Trois-Rivières	1998	599	233	n.a.	757	77400		8.5
	1999 (F)	481	237	n.a.	850	77200		8.4
	2000(F)	450	243	n.a.	775	78000		8.0
Sherbrooke	1998	590	329	n.a.	1044	91400	A	7.3
	1999 (F)	660	340	n.a.	960	90000	A	6.3
	2000(F)	700	340	n.a.	1100	92000	A	6.3
Québec	1998	1845	1108	0.6	5112	85836		5.2
	1999 (F)	1800	1120	1.0	4950	85500		4.8
	2000(F)	n.a.	n.a.	1.5	n.a.	n.a.		4.6
Chicoutimi-Jonquière	1998	502	385	n.a.	652	79363	T	4.8
	1999 (F)	337	286	n.a.	760	83727	T	5.0
	2000(F)	380	305	n.a.	810	86500	T	5.0
Saint John	1998	278	216	-2.3	1225	87387	A	7.3
	1999 (F)	350	275	0.0	1300	88500	A	6.8
	2000(F)	n.a.	n.a.	0.5	n.a.	n.a.	A	6.5
Halifax	1998	1739	1125	0.8	5129	114024	A	5.5
	1999 (F)	2250	1250	2.5	5200	116000	A	5.0
	2000(F)	2100	1300	1.5	5300	118000	A	5.0
St. John's	1998	741	475	-1.3	2131	92560	A	15.4
	1999 (F)	800	550	0.5	2100	94000	A	14.5
	2000(F)	825	575	0.5	2100	95000	A	13.5
Charlottetown	1998	247	154	n.a.	534	93968	A	n.a.
	1999 (F)	297	194	n.a.	525	97800	A	n.a.
	2000(F)	305	187	n.a.	510	98100	A	n.a.
ALL METRO AREAS	1998	95744	53685	0.9	220100			3.4
	1999 (F)	101674	54932	0.6	230047			3.3
	2000(F)	n.a.	n.a.	1.6	n.a.			3.1

## Notes:

A: Average MLS price.

S: Singles and semi-detached units

T: Data from Teela

C: Single-family units less condo units

Source: CMHC 1999-2000 Forecast

n.a.: data not available



# Major Housing Indicators

## Seasonally Adjusted Annual Rates

(levels and quarterly per cent change)

	97:Q3	97:Q4	98:Q1	98:Q2	98:Q3	98:Q4	99:Q1	99:Q2
<b>New housing</b>								
Building permits, units, thousands	163.6	148.7	151.1	147.2	146.8	149.0	157.3	155.3
%	8.5	-9.1	1.6	-2.6	-0.3	1.5	5.5	-1.1
Housing starts, total, thousands	149.6	147.8	147.8	136.5	130.8	137.7	145.9	147.3
%	3.2	-1.2	0.0	-7.6	-4.2	5.3	6.0	1.0
Housing starts, singles, thousands	95.0	92.4	89.4	86.2	83.0	88.0	87.2	91.5
%	4.3	-2.7	-3.2	-3.6	-3.7	6.0	-0.9	4.9
Housing starts, multiples, thousands	54.6	55.4	58.4	50.3	47.8	49.7	58.7	55.8
%	1.3	1.5	5.4	-13.9	-5.0	4.0	18.1	-4.9
Housing completions, total, thousands	141.5	149.3	144.3	138.3	127.1	130.6	150.9	130.5
%	-4.5	5.5	-3.3	-4.1	-8.1	2.7	15.6	-13.5
New house price index, 1992=100	99.2	99.5	99.8	100.0	100.2	100.3	100.3	100.6
%	0.2	0.3	0.3	0.2	0.2	0.1	0.0	0.3
<b>Existing housing</b>								
MLS resales, units, thousands	325.1	314.1	298.9	328.6	327.2	301.9	311.4	353.6
%	-1.7	-3.4	-4.8	9.9	-0.4	-7.7	3.1	13.6
MLS average resale price, \$C thousands	154.8	154.9	152.5	151.8	151.3	154.3	154.0	156.8
%	-0.9	0.1	-1.6	-0.5	-0.3	2.0	-0.2	1.8
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	372.1	376.4	381.2	385.8	392.4	397.6	403.0	408.0
%	0.9	1.2	1.3	1.2	1.7	1.3	1.3	1.3
Mortgage approvals, \$C billions	73.2	68.8	66.3	75.4	76.3	68.4	74.3	..
%	-5.1	-6.0	-3.6	13.8	1.2	-10.4	8.6	..
1-year mortgage rate, per cent*	5.65	5.98	6.40	6.55	6.68	6.37	6.42	6.45
5-year mortgage rate, per cent*	6.95	6.82	6.85	6.95	7.08	6.83	6.92	7.32
<b>Residential investment**</b>								
Total, \$1992 billions	42.5	43.1	42.3	42.0	40.9	41.0	42.8	44.3
%	0.0	1.5	-1.8	-0.8	-2.4	0.1	4.4	3.6
New, \$1992 billions	21.5	22.0	21.6	21.0	19.8	20.4	21.4	21.9
%	-1.0	2.5	-1.7	-3.1	-5.3	2.7	5.2	2.2
Alterations, \$1992 billions	13.5	13.8	13.9	13.7	13.4	13.6	14.1	14.4
%	1.3	2.4	0.7	-1.9	-1.7	1.1	3.9	1.8
Transfer costs, \$1992 billions	7.5	7.3	6.8	7.4	7.7	7.0	7.2	8.0
Deflator, 1992=100	106.6	106.5	107.7	108.5	107.9	109.4	110.0	111.2
%	-1.0	-0.1	1.1	0.7	-0.5	1.4	0.5	1.2

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

CA1  
MH50  
-C53


# MHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

## A positive start to the millennium

### Overview

#### Starts:

**2000: +3.8 %**

**2001: +3.5 %**

#### Resales:

**2000: + 0.4 %**

**2001: + 2.2 %**

**Starts:** Look for starts to rise in the next two years to 155,700 units in 2000 and 161,200 in 2001. Increases will be tied to job and income gains, consumer confidence, rising migration, stronger house prices, and recovery in B.C. Multiple starts will outperform singles.

**Resales:** Sales of existing homes will surpass the 1999 record, up marginally this year and 2.2 percent in 2001, paced by Ontario, Alberta, and British Columbia.

**Prices:** Expect stronger resale prices in the next two years, up 2.7 per cent this year to \$161,700, and 3.4 per cent in 2001 to \$167,300.

Details on page three.

## The Nation's HOT SPOTS

**Ontario:** Following the surge in home-building in 1999, look for less spectacular but solid gains in the next two years. Single and multiple starts will both contribute to the strong showing (See Page 13).

**British Columbia:** Construction in B.C. will turn the corner in 2000, but will not approach the levels of the mid-1990s. Look for starts to jump 10 per cent this year and 11 next year. Rows and apartments will post the strongest gains. (See Page 9).

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact Ginette Godward at (613) 748-2006 to get your copy sent to you by e-mail.

MHC Market Analysis Centre  
Tel: (613) 748-2357 E-Mail: Market\_Analysis\_Centre@cmhc-schl.gc.ca

## First Quarter, 2000

- |    |                                       |
|----|---------------------------------------|
| 3  | <b>NATIONAL OUTLOOK</b>               |
| 4  | <b>TRENDS IMPACTING HOUSING</b>       |
| 5  | <b>SPECIAL REPORT: RENTAL MARKETS</b> |
| 9  | <b>PROVINCIAL REPORTS</b>             |
| 9  | British Columbia                      |
| 10 | Alberta                               |
| 11 | Saskatchewan                          |
| 12 | Manitoba                              |
| 13 | Ontario                               |
| 14 | Quebec                                |
| 15 | New Brunswick                         |
| 16 | Nova Scotia                           |
| 17 | Prince Edward Island                  |
| 18 | Newfoundland                          |
| 19 | <b>FORECAST TABLES</b>                |

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.



CMHC SCHL

HOME TO CANADIANS  
Canada



## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2003, fax: 613 748-4069

To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST

Single issue \$40 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.chmh-schl.gc.ca/mktinfo/store](http://www.chmh-schl.gc.ca/mktinfo/store)>

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2000 Canada Mortgage and Housing Corporation  
All rights reserved.

ISSN 1488-6537

#### Upcoming PDF Release Dates

**Second Quarter 2000 — April 17**

**Third Quarter 2000 — July 17**

**Fourth Quarter 2000 — October 17**

# National Housing Outlook

## Detail

### Multiples outpace singles

Multiple dwellings will account for over half of the increase in starts in the next two years. In 2000, row and semi-detached units will set the pace. In 2001, apartments will forge ahead.

### Multiples up this year in Nova Scotia and British Columbia

Multiple starts will rise 6.4 per cent this year. Nova Scotia and B.C. will turn in the strongest performances. Apartments will dominate in Nova Scotia. In B.C., row starts will post the largest increase, but semi-detached and apartment starts will also do well.

### Singles strong in Ontario and B.C.

Starts of single-detached homes will climb 2.2 per cent this year and 2.7 per cent next year. The largest gains will be in Ontario and B.C.

### Small towns and aging populations

Canada's growing population of empty nesters and seniors can benefit small communities that offer attractive amenities. While populations of many resource-based communities in B.C. have been shrinking, resort towns are expected to continue growing rapidly. In PEI, in-migration by those 45 and over is one factor behind stronger demand for detached dwellings in recent years.

### Record resale numbers

Although growth will slow, resales will still hit record levels. More moderate sales increases in part reflect scarce listings in some markets. Record volumes will be posted in Ontario, Alberta, New Brunswick, and Newfoundland.

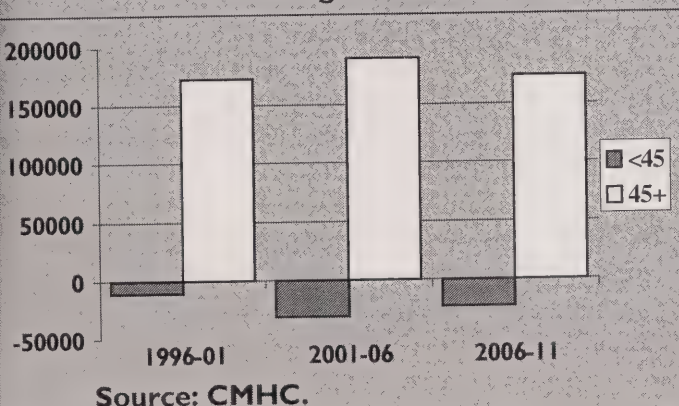
### Prices up everywhere but B.C. in 2000

This year, prices will be up in all provinces except B.C. Look for price gains well above the rate of inflation in Ontario, Saskatchewan, and Alberta. In B.C., prices will bottom out this year and edge up in 2001.

## Spotlight on DEMOGRAPHICS

### Aging households

Household Growth by Age of Head, Canada  
Average Annual Growth



The number of households headed by people under age 45 will decline steadily until 2011. In contrast, expect strong growth in the empty-nester and senior categories. Thanks to aging baby boomers, households headed by the 45-64 group will be the fastest growing category.

The majority of these older households will already be housed. Many will be content to stay put. Others, however, will be amenable to moving to homes geared towards their changing needs and wants. Developers who do the necessary research and produce housing with real appeal to this group will tap a growing and wealthy market segment.

See the upcoming second quarter issue of *CMHC Housing Outlook* for a look at housing starts over the medium-term.

Canada's population is aging. Aging is readily apparent in the pattern of household formation by age group forecast for the 1996-2011 period.



# Trends Impacting Housing

## Positive Impact

- ✓ *Economy in high gear*
- ✓ *Employment and income growth*
- ✓ *Consumers upbeat*

### The Economy

The economy grew at a brisk 4.7 percent annual clip in the third quarter of 1999, improving on strong performances in the first two quarters. Domestic strength coupled with continued growth of the U.S. economy and an improving world economy point to a healthy outlook for the next two years. Look for growth of 3.4 per cent in 2000, dropping to 3.2 per cent next year as the U.S. economy slows, reducing demand for Canadian exports.

The booming U.S. economy continues to boost manufacturers in central Canada. Megaprojects, recovering fisheries, and tourism are supporting the Atlantic economy. Rising oil prices should help Alberta. In B.C., slow recovery from Asian turmoil and low commodity prices should gather strength this year.

### Mortgage Rates

Mortgage rates will remain low by 1990s' standards but will rise in coming months, sparked by robust domestic growth and higher interest rates in the U.S. and Europe. Rates will drop in the second half of this year. Over the next two years, look for one-year rates in the 6.50-8.00 per cent range, three-year rates between 7.25 and 8.50 per cent, and five-year rates from 7.50 to 8.75 per cent.

### Consumers

Consumers remain upbeat. Although consumer confidence dipped in the third quarter of 1999, it has fully recovered from the negative effects of the Asian crisis. Consumption in the quarter even improved slightly on the healthy pace of the first half of the year.

Both employment and equity markets have surged since September. These positive developments likely outweigh any concerns stemming from increases in mortgage rates during the fall.

## What to Watch For

- ✓ *Higher mortgage rates this year*
- ✓ *Alberta and Ontario top inter-provincial migration destination*

### Employment and Incomes

Recent and continued job gains will be a plus for home building in coming months. Coming off the strongest year of the 1990s, employment growth slowed in 1999 but was still strong, accelerating in September, October, and November. Moreover, growth in full-time jobs surpassed 1998 performance. Look for slower but still healthy employment gains this year and next.

Canadians should have more money in their pockets. Thanks to a strong economy, employment growth, and tax cuts, look for faster growth in disposable incomes over the next two years.

### Migration

In 1998, immigration fell well short of government targets, and net migration to Canada dropped to around 140,000 from levels of nearly 190,000 in each of the previous three years. In the second quarter of 1999, immigration and net migration showed modest signs of recovery. Look for immigration to continue to bounce back gradually in the next two years as Asian economies recover. Increased arrivals will give a lift to construction in the four largest provinces, particularly in major centres in B.C. and Ontario.

Within Canada, the exodus of population from B.C. to other provinces shows no sign of abating. Alberta remains the top destination of interprovincial migrants, but inflows in the first six months of 1999 were down by over half from a year ago. With a strong economy that is luring job hunters at an increasing rate, Ontario appears set to overtake Alberta. Ontario's net population gain through interprovincial migration in the second quarter was the largest since 1987.

# Special Report: Rental Markets

Vacant rental apartments were harder to come by in 1999, continuing a trend to tighter markets that began in 1994. With rental construction forecast to increase, look for vacancy rates to stabilize in 2000.

In metropolitan centres, the vacancy rate in privately initiated apartment structures of three units and more fell from 3.4 per cent in October 1998 to 2.6 per cent in October 1999, the lowest rate since October 1987. Although vacant units were harder to find, rent increases were moderate in most centres, with the exception of several in the Prairies and Ontario.

## Regional Details:

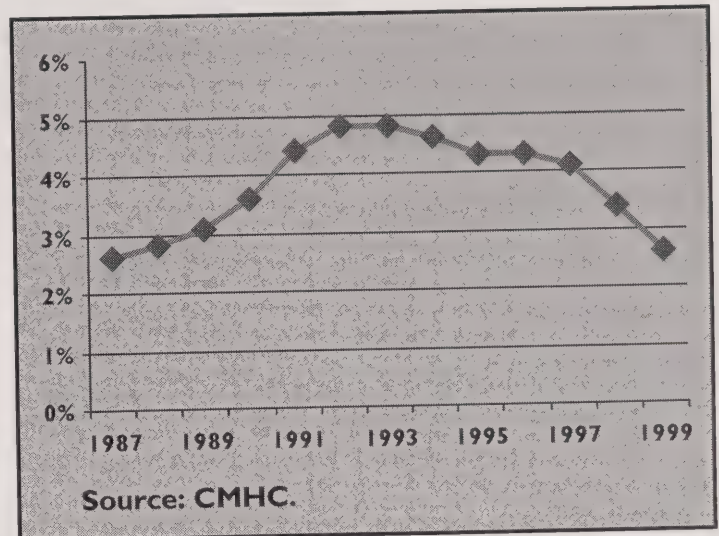
Nineteen of 27 centres had lower vacancy rates in October 1999 than a year earlier. The lowest rates were in **Ottawa** (0.7 per cent), **Toronto** (0.9 per cent), and **Saskatoon** (0.9 per cent).

Cities with the tightest markets were concentrated in the Prairies and Ontario. In Southern Ontario, rates were down everywhere except **Toronto**, where stability produced the second tightest market in Canada. The Prairies presented a mixed picture: tight markets in Saskatchewan, but rising vacancies in Alberta. The jump from 0.6 to 2.8 per cent in **Calgary**, which had the lowest rate in each of the past two years, was the largest among all centres and followed double-digit rent increases the year before.

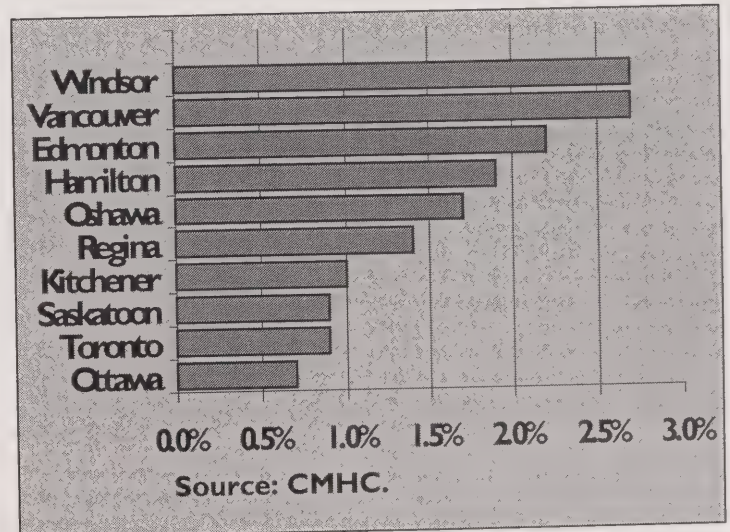
On the West Coast, markets were slack and rates little changed. In **Vancouver**, renters enjoyed an abundance of choice compared to as recently as two years ago, when vacancy rates were well under two per cent and a strong provincial economy was pulling in migrants from other provinces. Elsewhere, in Quebec and Atlantic Canada, markets tightened in all the largest centres, but there were still plenty of units available.

Despite lower vacancy rates, rent increases over the past year in most markets were moderate. Not surprisingly, the centres in the Prairies and Ontario with below-average vacancy rates tended to be exceptions, with renters facing increases above the rate of inflation. The largest hike was in **Hamilton**, where the average rent for

**Vacancy Rates**  
Average of Metropolitan Areas



**Lowest Vacancy Rates**  
Major Centres



a two-bedroom apartment rose 5.4 per cent. **Calgary** and **Edmonton** followed with increases of 4.5 per cent, a far cry from the 11.3 per cent increase in **Calgary** the previous year.

**Toronto** and **Vancouver** remained the most expensive markets in Canada. Unlike **Toronto**, however, **Vancouver** saw rents edge down as prospective tenants enjoyed a good selection of available units.



## Why Tighter Markets?

A variety of factors have pushed vacancy rates down. Employment growth and associated income gains, migration patterns, and changes in the age structure of the population have supported rental demand. On the supply side, low levels of new rental construction have in some instances been compounded by losses from the existing rental stock through condominium conversion and other factors.

### Demand Factors

Beginning with demand factors, 1998 was the best year of the decade for job creation. 1999 has been strong as well, with part-time positions giving way to full-time employment. Moreover, employment of youth, the group most likely to rent, accelerated in the past two years after shrinking for much of the 1990s. Expanding employment opportunities attract migrants. Markets where vacancy rates declined have generally seen rental demand boosted by influxes of job seekers.

The effects of strong job creation and related migration flows on rental demand have been reinforced by changes in the age structure of the population. After many years of decline, the population of young adults has started to grow as the baby boom echo, the children of the baby boomers, reaches adulthood. This echo is beginning to make its way into the housing market. In addition, the empty-nester and senior populations have been growing all along. As they age, some of these people are opting to move from their homes to rental units.

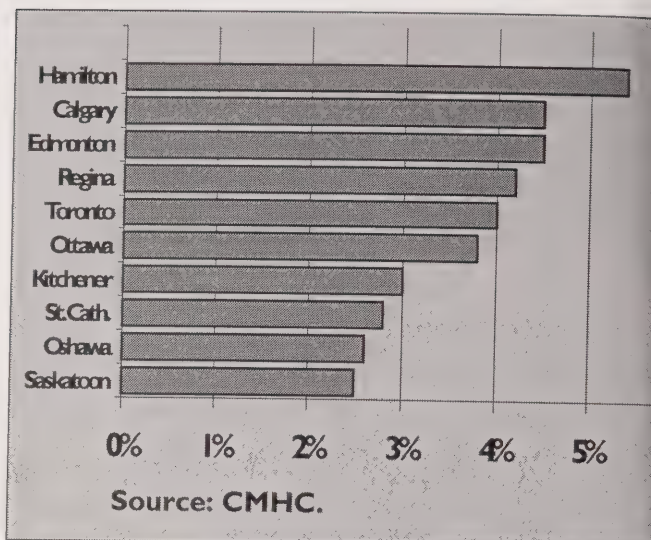
### Supply Factors

Supply factors also contributed to tighter rental markets. In 1998, rental starts in urban centres totalled only about 6,500, compared to over 30,000 at the beginning of the decade.

In some markets, minimal new construction was more than offset by losses from the existing rental stock. Such was the case in **Ottawa**, the tightest rental market in Canada, where conversions from rental to ownership tenure reduced the size of the privately initiated stock of buildings of three units or more.

Condominium conversions also contributed to a decline in the rental universe in **Calgary**. In this case, however, weaker job creation, reduced net migration, and competition from the home ownership market served to raise the vacancy rate in spite of the reduced supply.

## Highest Rent Increases Two-Bedroom Apartments



## Short-Term Rental Market Outlook

Whether rental markets will continue to tighten will depend on the interaction of supply and demand. With renter age populations continuing to grow, there will be no shortage of demand.

### Rental Demand

Demand is currently running well ahead of new rental construction. This situation is nothing new. Census data indicate that occupied rental units increased at a rate of 37,300 a year between 1991 and 1996, while the number of completed rental units in urban areas averaged only about 20,000 annually.

CMHC estimates demand (growth in renter household) will strengthen to close to 50,000 units a year between 1996 and 2001. In 1997 and 1998, urban rental completions amounted to only a fraction of this projected demand - roughly 7,400 units annually. Figures for 1999 are only slightly stronger.

It is possible that the improved performance of the Canadian economy could reduce rental demand below the projected levels described above through bringing home ownership within reach of a greater number of people; however, any such reduction would be very unlikely to be large enough to eliminate the large gap between demand and new rental construction. In any case, a counterargument could be made that putting more income in people's pockets might raise rental demand by giving those forced to share accommodation

means to move out and live independently. The 1996 census highlighted an increase in the proportion of young adults living with their parents, some of them presumably out of necessity rather than preference.

The bottom line is that rental demand will surely be much higher than recent rental construction levels. Over the twenty-five-year period from 1971 to 1996, rental households accounted for roughly 25 to 35 percent of the total increase in households. Even using the low end of this range produces estimated rental demand in the neighbourhood of 40,000 units annually.

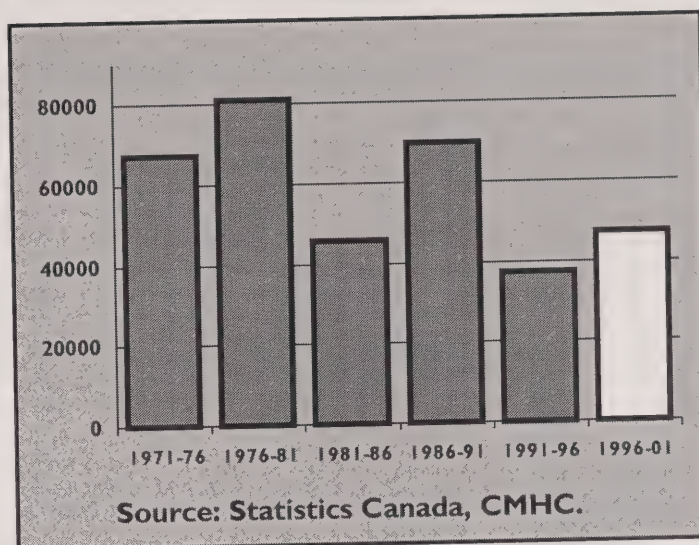
## Rental Supply

The above discussion underlines the fact that a significant portion of rental demand is met through sources of supply other than rental starts and that these sources are becoming increasingly important. This secondary rental market includes accessory apartments, other units added to the stock through conversions, units moved from ownership to rental tenure, and rented condominiums. Comparing data on the total number of renter households to the number of units in the universe of conventional apartments suggests that the secondary market comprises as much as 40 per cent of total rental supply in Canada. Clearly, growth in this large universe of alternative rental units will affect vacancy rates reported for conventional apartments.

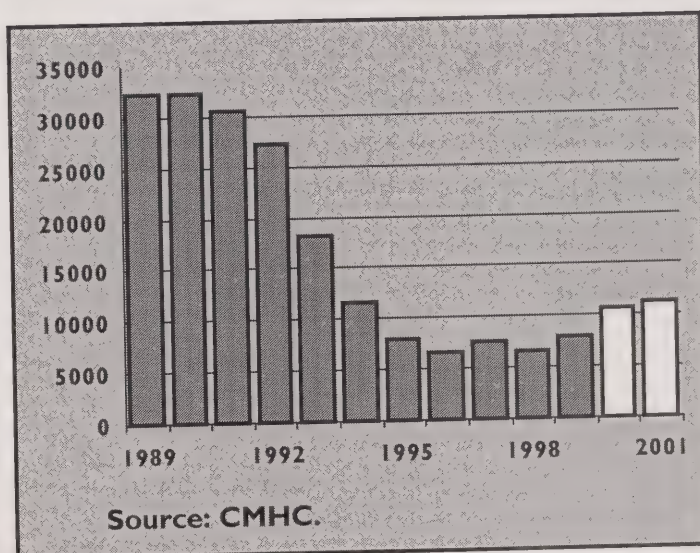
What are the prospects for a significant rise in rental starts? A recent CMHC study *Understanding Private Rental Investment in Canada* found that there is increased interest in developing new rental units. Perceived advantages of investing in rental housing include stable cash flow and lower risk relative to other types of real estate. Both of these advantages arise largely because vacancy rates are lower and less volatile than for other types of real estate. In turn, the relative stability of vacancy rates reflects continued demand for housing and the fact that landlords have many individual tenants. Less volatile vacancy rates make forecasting cash flow easier.

The report also indicates, however, that returns on new rental investment, while positive, are generally below the 15 per cent level (cash flow/equity) that developers are seeking. Of the six cities studied, only **Halifax** could meet such expectations. Development costs, including land and construction costs and taxes, are high in relation to market rents. An additional impediment to new construction is that returns are below those achievable on existing rental properties. For a look at how one prov-

## Rental Demand, Canada Annual Growth in Occupied Rental Units



## Rental Housing Starts Canada, Urban Areas



ince, Ontario, is trying to improve the climate for investment in rental housing, see the attached article.

## The Bottom Line

With rents rising in tighter markets, look for rental starts to increase by about 2,500 units this year to a total of 10,600, the highest output since 1994. Despite jumping by over 20 percent, starts will still be modest by the standards of the early 1990s. Ontario will account for the bulk of the increase - around 2,000 units. Overall, the rise



in construction of new rental units this year will only just offset demand generated by strong employment gains, migration, and underlying growth in renter-age populations. Accordingly, the vacancy rate for all metropolitan areas will hold steady at 2.4 per cent. With forecast vacancy rates of 0.9 per cent, **Ottawa** and **Kitchener** will share the distinction of having the tightest rental markets.

See the table on page 22 for provincial rental starts forecasts.

The table of local housing market indicators on pages 26 and 27 provides vacancy rate forecasts for 27 markets.

### **Ontario's Tenant Protection Act: Encouraging Rental Housing Investment**

**Eric Adams, Senior Policy Advisor  
Ontario Ministry of Municipal Affairs & Housing**

Passage of the Tenant Protection Act on June 17, 1998, is one of several initiatives undertaken by Ontario to improve the climate for investment in rental housing. Others include the Fair Municipal Finance Act, which allows municipalities to create a separate property class for new rental buildings and places all condominiums in the residential property class rather than the multi-residential property class; changes to the Planning Act to streamline land use approvals; amendments to the Ontario Building Code to improve cost-effectiveness; and amendments to the Development Charges Act to reduce the scope of services for which municipalities can levy charges.

In March 1999, the government announced other initiatives to encourage more private sector investment: the PST rebate program – a grant to offset the cost of provincial sales tax on materials (up to a maximum of \$2,000 per unit) for builders of affordable multi-residential housing (up to 4,000 units could be created); the use of government land for affordable housing – a minimum of 500 units are expected to be built; and, a commitment to spend an additional \$50 million on rent supplements.

The Tenant Protection Act applies to most residential rental property in Ontario. Some

types of rental accommodation are partially or completely exempt from certain provisions. For example, institutions such as hospitals and nursing homes are completely exempt. New rental construction is exempt from most rent rules.

Among the main features of the legislation that encourage investment in existing and new rental housing are the following:

**Vacancy decontrol/recontrol of rents.** When a unit is vacated, the landlord can negotiate the in-coming tenant's rent without regulatory restriction. The system provides a balance between protecting tenants from dramatic increases in rents and allowing some market reality into setting of rents. Once a new tenant moves in, future rent increases are subject to the annual rent increase guideline established under the act.

**Cost Pass-through for Capital and Operating Costs.** Above-guideline rent increases are based on three criteria: capital expenditures, operating costs for security services (both with a 4% cap on the amount of the pass-through per year), and extraordinary operating costs for utilities and/or municipal taxes and charges. There is no cap on the latter since landlords have little or no control over increases in utility costs and property taxes.

**Demolitions, Conversions and Major Repairs.** The previous provincially mandated municipal approval process has been eliminated. The new approach to demolitions, conversions, and major repairs allows landlords to decide the best economic use of their property, while providing security of tenure and compensation for tenants. Some municipalities have official plan policies in effect which may limit conversions and delay demolitions.

**Streamlined Eviction Process.** A landlord can evict a tenant on a number of grounds, including rent arrears, causing damage to the property, carrying out an illegal act, and impairing the safety of the landlord or another tenant. The eviction process is more streamlined: hearings are scheduled sooner and the process is reduced to one step. There is a fast-track process if a tenant seriously impairs the safety of another person.



# British Columbia

## Overview

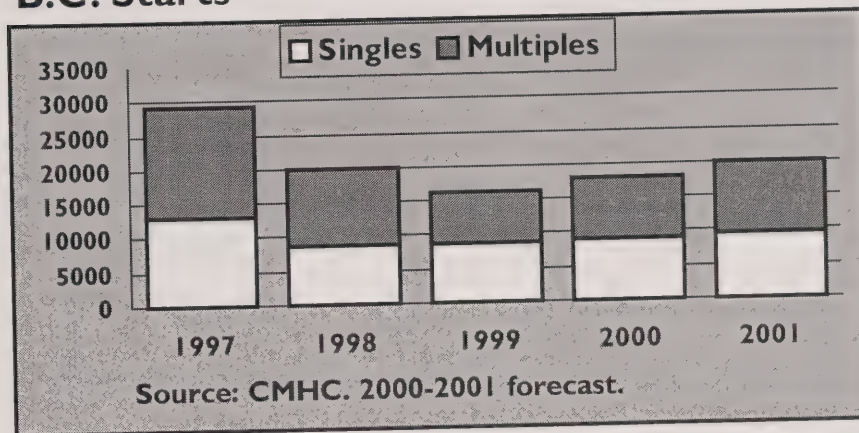
Improving conditions into the millennium.

The BC housing market has bottomed out and will begin to show signs of life in 2000, reaching 18,000 starts and 20,000 in 2001.

For full recovery, further improvements are needed in consumer confidence, population growth, and economic performance. While the economy is beginning to turn the corner in response to higher commodity prices, better exports, and recovery in Asia, population growth and consumer confidence will recover more slowly.

Improved consumer confidence is needed to draw local buyers into the market. This is particularly important for developers who market to first-time buyers and young couples. In recent months, there is evidence of strong demand for new projects in under-supplied markets, especially those

## B.C. Starts



near the water or with water views.

The net outflow of people to other provinces has hurt B.C.'s housing market. Population growth will slowly improve, and inter-provincial out-flows will reverse as B.C.'s employment growth begins to approach levels in Alberta and Ontario. However, many resource communities will experience negative population growth into 2000.

Populations of smaller resort communities such as **Pemberton** near Blackcomb ski resort, **Whistler**, **Tofino**, **Radium Hot Springs**, and **Harrison Hot Springs** will continue to grow faster than 2 per cent annually. Opportunities will exist in these smaller centres for developers targeting baby-boomers.

## In Detail

**Single Starts:** Single-detached starts will continue to be driven by strong demand in all markets for this product type. Single starts will be robust, reaching 9,000 in 2000 and 9,500 in 2001.

**Multiple Starts:** Townhouse development will improve due to lack of supply in key markets and the relative affordability of this product compared to single-detached housing. Future opportunities will be geared to adult-oriented housing projects that provide various amenities. New apartment condominium projects will be located in urban markets, reaching younger buyers in the professional and business service sectors. U.S. buyers are also interested in apartments and townhomes. Key markets include the downtown core of **Vancouver**, waterfront properties on the **Gulf Islands**, and resort areas such as **Whistler**.

**Resales:** As pent-up demand for housing continues to grow, the resale market will strengthen. This will trigger demand for new

housing as people who have been trying to sell their homes "down-size" to townhomes or condominiums and capture some of the equity gains in their single-detached homes.

**Prices:** House prices will continue to be stable and even improve in under-supplied markets. Price growth will be tempered by the upward drift in mortgage rates and B.C.'s economy, which is lagging other regions. Flat disposable income in B.C. will translate into small gains in consumer buying power.

## Spotlight on CONSUMER TASTES

### Craftsman architecture most popular

Consumer preference in B.C. will be for new homes mimicking a "craftsman" style of architecture or versions of Cape Cod themes. Two-level homes with cedar siding and traditional porches and interior features such as large kitchens, 3 bathrooms, and vaulted ceilings will be popular. Housing will be wired, giving consumers access to technological innovations. The challenge will be to achieve this in a "non-futuristic" manner. If new consumer products keep coming onto the market at the current pace, half the items used to operate the average home by the year 2005 have either not yet been invented or are not yet available.



# Manitoba

## Overview

**Manitoba's housing markets buoyed by employment growth and consumer confidence.**

Broad-based fundamentals will support Manitoba's residential construction outlook. Last year, the housing market exceeded expectations with residential construction growing by 8.2 per cent and housing starts surpassing 3,000 units. Apartment and row construction accounted for most of the growth.

Starts are expected to decline by 9 per cent this year as developers pause to allow for absorption of multiple-family dwelling units. However, construction levels are anticipated to rise next year. Solid employment gains and higher wages, accompanied by federal and provincial tax cuts, will support the demand for new and resale homes. Rural

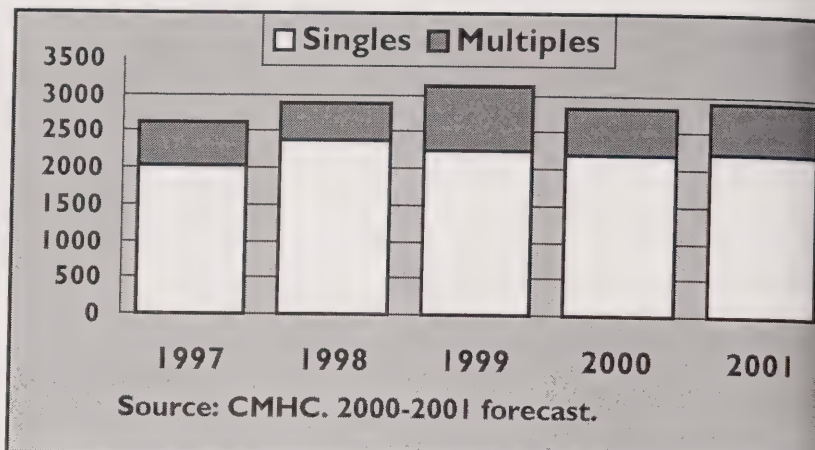
## In Detail

**Single Starts:** In response to increases in mortgage rates, many potential home buyers have decided to purchase new homes before rates reach higher levels. Look for single starts to reach 2,180 this year. This momentum is expected to continue in 2001, with 2.3 per cent growth.

**Multiple Starts:** Multiple housing starts will decline by 26 per cent this year and rebound in 2001. The surge in apartment construction in 1999 will result in a large supply of multiple-family units to reach the market in midyear. Once the market adjusts, higher levels of activity are anticipated to meet the needs of an aging population.

**Resales:** Resale markets have tightened due to a decrease in listings. Most urban centres are experiencing balanced market conditions. CMHC is forecasting 10,750 sales this year and a slight easing in 2001, as potential buyers turn to the new home market because of a lack of choice.

## Manitoba Starts



areas, which were adversely affected by poor farming conditions, will exhibit some growth in response to better growing conditions and improving commodity prices.

The end of the lockout at Inco's nickel mine in **Thompson** will boost mining output and associated processing activities. Primary industries are set for a recovery this year, and real GDP will increase by 2.4 per cent. Manitoba's fiscal position remains sound with decreasing debt-to-GDP ratios. Furthermore, net out-migration is expected to decline as employment prospects remain bright.

**Prices:** Average residential prices are forecast to increase by 1 per cent in both 2000 and 2001. Despite the increase in move-up activity CMHC expects first-time home buyers to become more active in the coming year. This will moderate price growth due to increases in starter home sales.

## Spotlight on RURAL RENTAL MARKET

### Vacancy rates decline

**A strong Manitoba economy combined with low levels of rental construction produced tighter vacancy rates throughout rural Manitoba. The 1999 bi-annual Manitoba Rural Rental Market Survey found the overall vacancy rate in privately-owned rental properties to be 3 per cent in 1999, down from 3.6 per cent in 1997.**

**For the next survey in 2001, vacancy rates are expected to remain low as Manitoba's economy will continue to perform well. This should translate into increased building opportunities for rental construction in the future.**

# Ontario

## Overview

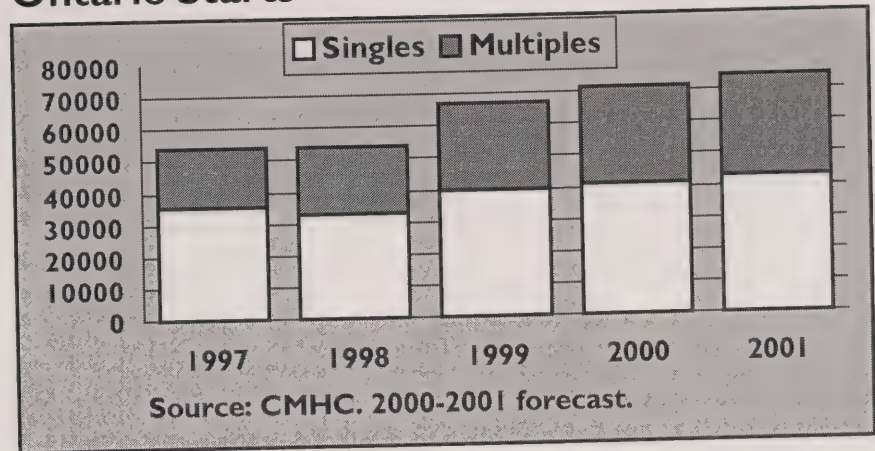
**Jobs attracting people like a magnet.**

Ontario's housing cycle is in its expansion phase, at starts levels about half way between a 1987 high and a 1995 low. Starts leaped ahead last year, partly because of a surge following the **Toronto-area** construction trade strike the year before, but mainly because of job-driven household formation.

The province's home markets will remain among Canada's top performers for two main reasons: stronger-than-average job growth and migration. Job opportunities will attract migrants from abroad and from other provinces. These newcomers will need homes.

Job creation in the last two years has been comparable to that in the housing boom of the late 1980s. While a growing U.S.

## Ontario Starts



economy and a stronger world economy only add fuel, home markets will not be as heated as they were then — largely because the baby boom is older, but also because Ontario's population is not growing quite as rapidly.

Baby boomers have reached an affluent age when most have purchased first homes. Some will sell their homes to cash in their equity and move up to new dream homes.

Affordable mortgage carrying costs and good job prospects will keep resale markets active. Cost-sensitive first-time home buyers, who often prefer resale homes, will be out in force.

## In Detail

**Single Starts:** Starts jumped by a fifth last year and will continue to grow. Improved home equity gains and the aging of Ontario's population into high-income years will boost construction of this most popular, but also most expensive, form of housing.

**Multiple Starts:** Multiple starts skyrocketed by over a third in 1999, and even higher levels are predicted. Most starts will be in ownership homes: townhomes and condominium apartments. Demographic demand will boost rental construction, but levels will remain historically low.

**Resales:** Affordable mortgage rates and jobs have done their part. A record number of resale homes traded hands in 1999, and resales will continue to rise.

**Prices:** Increased demand and a stable supply of listings pushed price growth into the four per cent range. Average resale price hit its highest level of the decade last

year. This year it will finally surpass the \$179,040 average set back in 1989.

## Spotlight on RENTAL VACANCIES

Rental markets tightened in 1999, and the trend will continue. Ontario's apartment vacancy rate fell to 2.1 per cent from 2.6 the year before. Average rents jumped 3.5 per cent.

Job creation and an influx of people throughout Southern Ontario warmed rental markets considerably more than in the North, where job opportunities were fewer. Vacancy rates moved lower in eight of Ontario's ten Census Metropolitan Areas. Ottawa and Toronto are the hottest markets with vacancy rates of 0.7 and 0.9 per cent respectively. Sudbury and Thunder Bay, at 11.1 and 7.5 per cent respectively, are the coolest.

Three principal demand factors will squeeze rental markets further over the next few years: full-time jobs, high in-migration, and growth in Ontario's young adult population. Younger people and migrants tend to be renters since they need time to become established enough to buy homes.



# Quebec

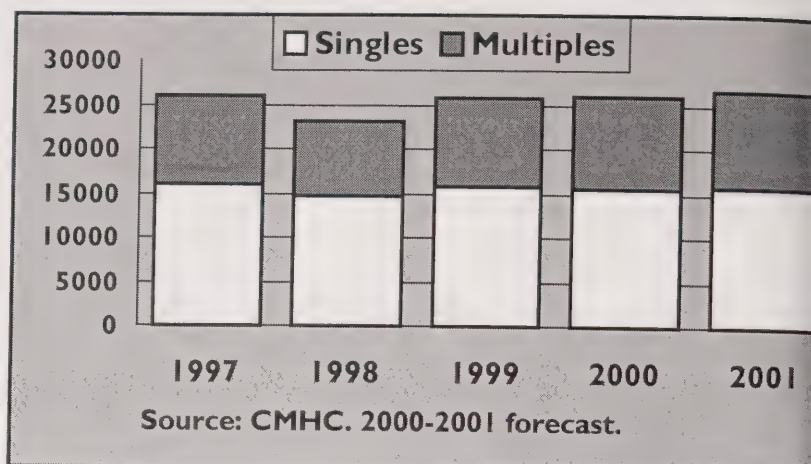
## Overview

### Employment: a growth factor for the residential construction sector.

According to our forecast, the unemployment rate will continue to decline over the years 2000 and 2001. In fact, this rate will attain 8.9 per cent in 2000 and 8.6 per cent in 2001. Employment growth will be maintained at 1.6 per cent during this period.

The vigour of the labour market will be a positive factor for the residential construction sector. As a result, the first-time home buyer group, mainly composed of young households, will benefit the most from the favourable economic context, as was recently indicated by the Conference Board's Index of Consumer Attitudes.

## Quebec Starts



Given the job prospects, housing starts for all of Quebec will reach 26,000 and 26,600 units in 2000 and 2001 respectively. As for MLS sales, they will hover around 46,500 units in 2000 and 2001. The resale market will also be heading towards a better balance between buyers and sellers.

## In Detail

**Single Starts:** Detached housing starts will attain 15,500 and 15,700 units in the years 2000 and 2001, respectively. Activity in this sector will be buoyed by the good employment conditions prevailing in large metropolitan areas. It should also be noted that the intense activity in the resale sector will favour demand for new single-detached homes on the part of second- and third-time buyers.

**Multiple Starts:** Multiple housing construction will rise by 5.2 per cent in the year 2000 and then by 4.1 per cent in 2001. Semi-detached and row housing starts will surpass 3,200 units, for changes of 15.5 per cent in the year 2000 and 2.5 per cent in 2001. The narrowing of the price gap between the existing and new home markets will steer first-time buyers towards the latter market. As for apartment starts, they will remain at essentially the same level, with close to 7,500 new units during this period. According to our forecast, the rental market will continue to improve across all of Quebec's metropolitan areas, as the vacancy rate is expected to decrease.

**Resales:** Activity in the resale sector will be robust over the next two years but will not break any more records and will remain under the 50,000-unit mark.

**Prices:** The price gap between existing and new homes will narrow over the next two years. The growth in prices forecast for existing and new homes will stay in the same range of 1.3 per cent to 1.5 per cent in the years 2000 and 2001.

## Spotlight on DEMOGRAPHICS

**Net migration will remain positive over the forecast period at levels of around 7,000 persons per year.**

**Demographic projections show that the under 25 year and the 25-44 year age groups will each represent just over 30 per cent of the total population in the year 2001. As for the 45-64 year segment, it will comprise over 25 per cent. Seniors will attain 13 per cent of the population. In terms of growth, the first two groups will continue to decline at a rate of close to 1 per cent. The 45-64 segment will grow by 2.9 per cent and the seniors group will increase by 2 per cent.**

# New Brunswick

## Overview

### Single family home construction to maintain strong pace.

The New Brunswick housing market is poised for another excellent year in 2000 as construction megaproject investment realizes its maximum impact on the provincial economy. Although economic growth and job creation will slow from 1999's strong pace, consumer confidence is expected to remain high and unemployment relatively low well into 2000.

Despite completion of the Sable Gas pipeline project, pipeline lateral construction, the Irving Refinery expansion, and the Moncton-Fredericton Highway project will continue to support economic growth in New Brunswick through 2001. The spin-off effects of these projects will reach a peak in 2000 as the business services, retail trade, and residential construction industry sectors reap the benefits.

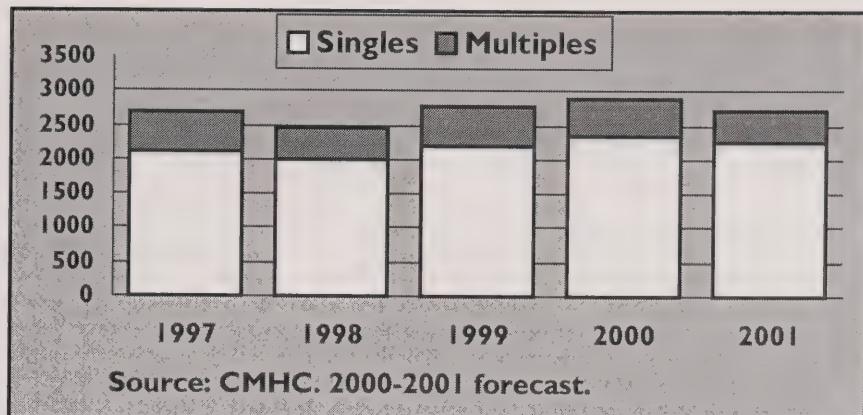
## In Detail

**Single Starts:** Tightening resale market conditions and a modest improvement in rural home building activity will allow single-family home construction to maintain a strong pace. It is anticipated that more home buyers will opt for new homes to meet their housing needs in the face of a shrinking supply of existing homes for sale at steadily increasing prices.

**Multiple Starts:** Declining vacancy rates in New Brunswick's larger urban centres will be the catalyst for another busy year for rental developers. The surge in demand last year from both intra- and interprovincial migrants looking for work will abate in 2000, but new projects are anticipated from developers ready to capitalize on undersupplied submarket conditions in **Fredericton** and **Moncton**.

**Resales:** Following on the heels of a record year in 1999, the resale market is poised to match last year's sales performance in 2000 as buyers remain confident.

## New Brunswick Starts



This year, both new construction and resale markets are expected to post improvements over 1999. Look for the resale market to match last year's record sales performance and modest price growth to continue throughout 2000. Lower demand is expected to weaken the resale market in 2001.

The pace of single-family home building will remain strong in 2000 as a tightening resale market makes new construction an attractive alternative for many potential home buyers.

Multiple-unit construction will dip slightly from last year's healthy pace, but strong rental markets in **Moncton** and **Fredericton** will support further substantive additions to the rental stock in 2000.

However, it is expected that declining listings and retreating demand will dampen sales activity in the fourth quarter of 2000 and into 2001.

**Prices:** The average MLS sales price is expected to surpass \$90,000 this year, although price growth will slow from the strong pace of 1999 as affordability conditions worsen. Weakening demand and competition from new construction is expected to limit potential for appreciable price growth in 2001.

## Spotlight on SAINT JOHN

### Economic resurgence a boon for housing

The Irving Refinery expansion, the new Xerox Knowledge Centre, and a fledgling call-centre industry are driving a strong local economy in Saint John, which is expected to have a substantial impact on the local housing market this year.

Single starts are forecast to increase 20% and total starts 31% in 2000. MLS sales are projected to increase 3.6% and average MLS Sale Price 1.8% in 2000. The vacancy rate is forecast to fall from 5.2% to 4.8% in 2000. The New House Price Index is expected to climb 2.0% in 2000.



# Nova Scotia

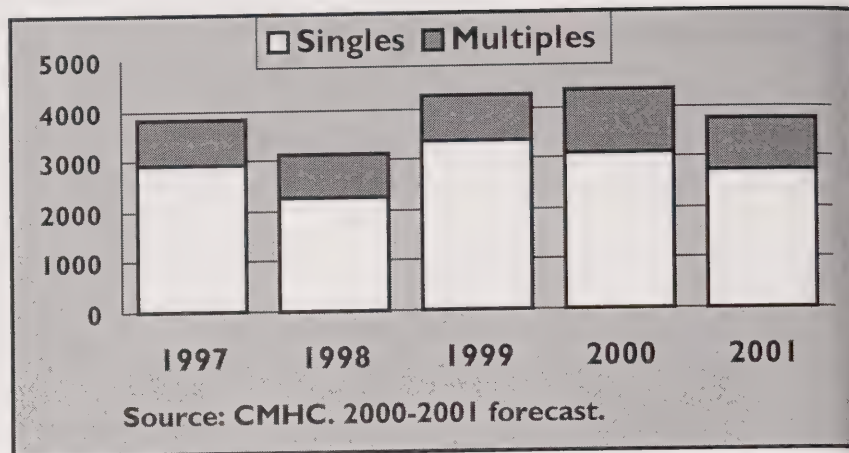
## Overview

**Continued strength of Halifax market to sustain housing activity into 2000.**

Further gains in multi-family construction concentrated in the **Halifax** market will produce another year of strong housing markets in Nova Scotia. Housing starts will be up for the second year in a row, while resales will turn in a performance second only to a record year in 1999.

Limiting growth in housing activity will be slower economic growth brought on by the completion of the Sable Offshore Energy project. However, the \$1 billion distribution phase of natural gas will begin and will partially offset the ending of the offshore component of this multi-billion-dollar project. Also contributing to economic activity will be another record year in

## Nova Scotia Starts



tourism and continued growth in port activity.

The **Halifax** market will drive economic and housing activity, accounting for nearly two of every three starts and a comparable proportion of resales.

Notwithstanding the importance of the **Halifax** market, the rest of the province will also perform at a healthy, albeit slightly slower pace. The one exception will be the **Cape Breton Regional Municipality**, where large scale job losses will further dampen an already weak economy.

## In Detail

**Single Starts:** Single starts will slow slightly as demand for new homes eases from a very strong performance in 1999. Softening demand will be brought on by slower economic and job growth. Limiting the decline in home building will be continued strong consumer confidence and a relatively small supply of existing homes on the market.

**Multiple Starts:** A strong building season in 1999 will be topped in 2000 as multiple-family homes reach a five-year high. The **Halifax** market will drive new multiple development in the new year, with an estimated 80 per cent of multiple starts coming in the provincial capital. Although most of the province's multiple construction will be in rental apartments, condominium development (which has traditionally been slow) will show signs of life with several projects slated for construction in 2000.

**Resales:** Resale markets will retreat from a

record-setting 1999. However, the 8,400 sales expected over the next year will be the second best year ever recorded in Nova Scotia.

**Prices:** Healthy demand and limited supply will put continued upward pressure on house prices over the next two years. Continued high levels of affordability and strong demand from the move-up buyer will keep the average house price above \$100,000 for the next two years — record levels for Nova Scotia.

## Spotlight on EMPLOYMENT

### Job gains hit dizzying heights

Nova Scotia's recent and forecast housing performance should come as no surprise given the number of jobs created over the last two years. Between 1997 and 1999, 23,000 jobs were created, a huge gain by Nova Scotia standards. Job gains can be found in the goods and service sectors, with Sable Island gas and call centres gaining a lot of attention.

Although the current pace of job creation will not be sustained, a further gain of 12,000 jobs is forecast for the next two years. With more Nova Scotians working, the province's housing markets should continue to perform well.

# P.E.I.

## Overview

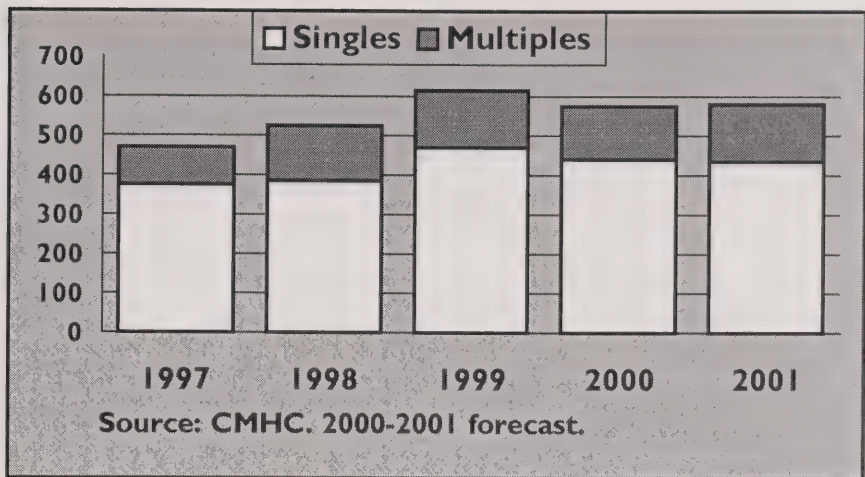
### The Island's housing market remains strong.

Employment did not grow significantly in 1999. However, strong consumer confidence combined with attractive mortgage interest rates continued to stimulate the demand for housing.

In 1999, total housing starts jumped to the highest level since 1994. Lower starts are expected in 2000, but activity will remain strong in historical terms.

Sales of existing homes maintained momentum last year and are expected to exceed the 1998 record. However, the higher demand for existing homes in 1999 will result in fewer listings and a slight drop in MLS sales in 2000, breaking the upward trend started in 1995. A tightening resale market in 2000 will put upward pressure on prices as well. As a result, expect contin-

## P.E.I. Starts



ued increases in average MLS sales prices over the forecast period.

Gross Domestic Product did not grow last year at the same pace as in the mid-'90s when PEI led the country in economic growth. However, the Island's economy will continue to show solid growth above 2 per cent over the forecast period, as the Confederation Bridge is helping to create a new climate for investment. Improved accessibility and lower transportation costs due to the fixed-link will continue to support strong performances by most key industries, including manufacturing, tourism and construction.

## In Detail

**Single Starts:** Improved consumer confidence and fewer affordable existing homes for sale in the **Charlottetown** area will prompt potential buyers to opt for the new home market. As a result, single starts in 2000 will remain near the strong level experienced in 1999.

**Multiple Starts:** Multiple-family starts are expected to edge down in 2000. Construction of new apartment units will also decline slightly next year, but will remain strong.

**Resales:** Sales in 2000 will not likely match the record level of 1999. This reflects a tightening resale home market in the **Charlottetown** area. Sales are expected to reach 1,150 units in 2000, still a very healthy level.

**Prices:** Improved demand for existing homes in the **Summerside** area combined with a scarcity of affordable existing houses

in **Charlottetown** will create upward pressure on prices. The average MLS sale price is expected to rise by 1.8 per cent in 2000.

## Spotlight on MIGRATION

### Out-migration of young workers continues

PEI's improving economy and increasing popularity as a retirement paradise continues to attract older job seekers from other provinces. The latest migration data show that almost 55 per cent of all in-migrants over the last 6 years were people over 45 years old. This is one of the key factors contributing to stronger demand for single-family dwellings over the last few years.

However, out-migration of young adults looking for job opportunities elsewhere in Canada has increased over the same period. PEI encountered out-migration of people between 18 and 24 years old for the fifth consecutive year in 1998.



# Newfoundland

## Overview

The provincial economy is firing on all cylinders and is expected to stay revved up over the next few years helping to drive housing demand.

Newfoundland's economy, which has expanded at a healthy rate in recent years, will carry this momentum forward into the new millenium. Further expansion of oil and gas resources, highlighted next year by first oil from Terra Nova, the ongoing recovery in groundfish stocks, and the expected start-up of a number of megaprojects are just some of the major events that will shape the economic landscape over the next few years and beyond. Improved labour markets and migration flows coupled with strong wage growth will keep consumers in a good mood and stimulate provincial housing markets.

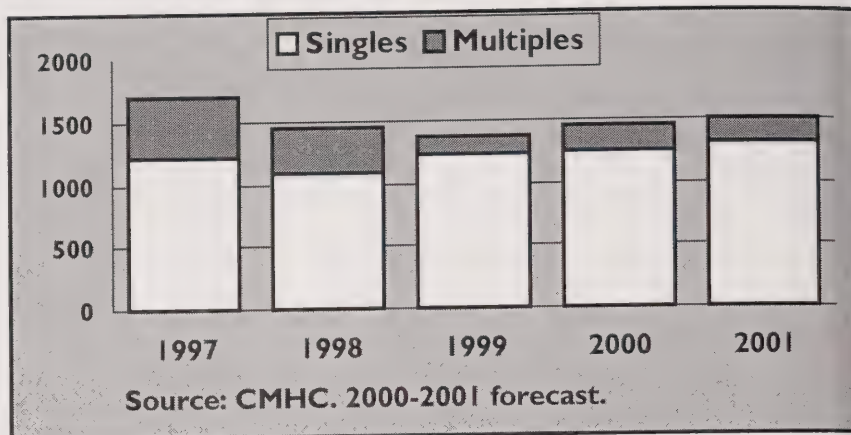
## In Detail

**Single Starts:** Shortages of good-quality existing units will persist, particularly at the high end of the market, keeping single-detached starts at current levels into 2000. Healthy wage growth and ongoing demand from oil-related in-migrants will push single starts slightly higher in 2001.

**Multiple Starts:** Oversupply in provincial rental markets, ongoing conversion of rental stock to condominiums and a shift away from semi-detached and two-apartment units to single homes will keep multiple starts low over the forecast period. However, investment in rental housing for an expanding seniors population will provide a modest boost to multiple starts in 2000 with a flat performance expected the following year.

**Resales:** Demand from move-up buyers will remain buoyant with the resale market expected to increase slightly from 1999's record-setting level. Shortages of good-quality existing units will result in some

## Newfoundland Starts



As the economic expansion becomes more broadly based, demand for housing in areas outside the **St. John's** region should also improve. Nevertheless, **St. John's** will maintain its dominance as the province's major centre, with its housing market once again expected to outperform the province as a whole.

In-migrants associated with an expanding oil and gas industry and sustained demand from move-up buyers will support brisk MLS sales. Housing starts will get a modest boost from tightening conditions in both the existing and rental markets, an expanding seniors population, and recovering rural economies.

demand spillover to the new homes market and serve to limit gains in MLS sales.

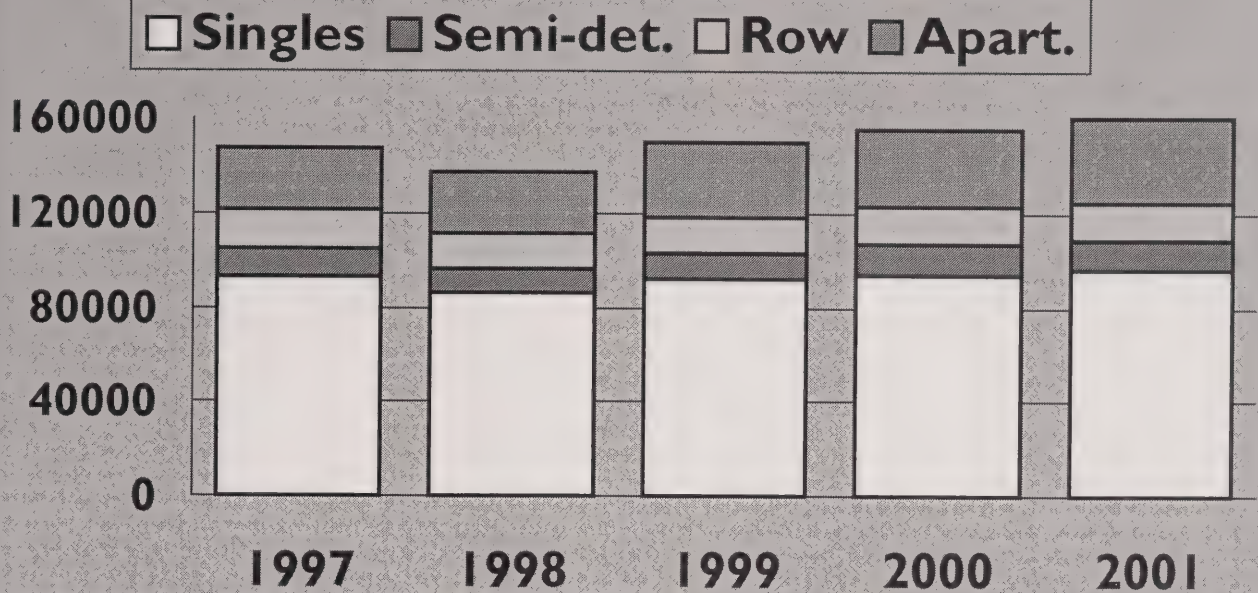
**Prices:** Supply and demand dynamics combined with strength in the move-up segment will support price growth. Price growth in urban centres will continue to be moderated by sales in outlying areas.

## Spotlight on MIGRATION: Out-Migration Posts Sharp Decline

During the past quarter century, Newfoundland has averaged a net loss of approximately 4,500 people per year. Following the fishery crisis during the early part of 1990's, the level of out-migration rose significantly. Although net migration still remains above historical levels, recent data suggest a vast improvement is occurring. After reaching an all-time high in 1997-98, out-migration posted a sharp decline, falling almost 50 per cent in the past 12 months. This trend is expected to continue over the longer term as strong labour markets stemming from the sustained economic upturn encourage people to stay at home. The combination of employment growth and reduced out-migration will lead to a gradual reduction in the oversupply of housing and stimulate new investment over the medium to long term.



# Housing Starts by Structure Type



Source: CMHC Forecast 1999-2000.

## Total Housing Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	1712	2034	1696	1450	1371	1450	1500
%	(23.7)	18.8	(16.6)	(14.5)	(5.4)	5.8	3.4
<b>PEI</b>	422	554	470	524	616	575	580
%	(36.9)	31.3	(15.2)	11.5	17.6	(6.7)	0.9
<b>NS</b>	4168	4059	3813	3137	4250	4350	3750
%	(12.2)	(2.6)	(6.1)	(17.7)	35.5	2.4	(13.8)
<b>NB</b>	2300	2722	2702	2447	2776	2900	2715
%	(28.2)	18.3	(0.7)	(9.4)	13.4	4.5	(6.4)
<b>QUE</b>	21885	23220	25896	23138	25742	25990	26590
%	(35.9)	6.1	11.5	(10.7)	11.3	1.0	2.3
<b>ONT</b>	35818	43062	54072	53830	67235	71500	74500
%	(23.2)	20.2	25.6	(0.4)	24.9	6.3	4.2
<b>MAN</b>	1963	2318	2612	2895	3133	2845	2925
%	(38.6)	18.1	12.7	10.8	8.2	(9.2)	2.8
<b>SASK</b>	1702	2438	2757	2965	3089	2950	3000
%	(18.9)	43.2	13.1	7.5	4.2	(4.5)	1.7
<b>ALTA</b>	13906	16665	23671	27122	25447	25125	25600
%	(21.4)	19.8	42.0	14.6	(6.2)	(1.3)	1.9
<b>BC</b>	27057	27641	29351	19931	16309	18000	20000
%	(31.3)	2.2	6.2	(32.1)	(18.2)	10.4	11.1
<b>CAN</b>	110933	124713	147040	137439	149968	*155700	*161200
%	(28.0)	12.4	17.9	(6.5)	9.1	3.8	3.5

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	<b>1165</b>	<b>1395</b>	<b>1220</b>	<b>1086</b>	<b>1233</b>	<b>1250</b>	<b>1300</b>
%	(19.9)	19.7	(12.5)	(11.0)	13.5	1.4	4.0
<b>PEI</b>	<b>364</b>	<b>430</b>	<b>374</b>	<b>387</b>	<b>472</b>	<b>440</b>	<b>435</b>
%	(19.8)	18.1	(13.0)	3.5	22.0	(6.8)	(1.1)
<b>NS</b>	<b>3040</b>	<b>3278</b>	<b>2939</b>	<b>2257</b>	<b>3345</b>	<b>3100</b>	<b>2750</b>
%	(9.5)	7.8	(10.3)	(23.2)	48.2	(7.3)	(11.3)
<b>NB</b>	<b>1722</b>	<b>2173</b>	<b>2125</b>	<b>1989</b>	<b>2201</b>	<b>2350</b>	<b>2250</b>
%	(32.4)	26.2	(2.2)	(6.4)	10.7	6.8	(4.3)
<b>QUE</b>	<b>13428</b>	<b>14818</b>	<b>16073</b>	<b>14685</b>	<b>15798</b>	<b>15530</b>	<b>15700</b>
%	(27.1)	10.4	8.5	(8.6)	7.6	(1.7)	1.1
<b>ONT</b>	<b>20124</b>	<b>27019</b>	<b>35401</b>	<b>32737</b>	<b>39421</b>	<b>41100</b>	<b>43100</b>
%	(33.0)	34.3	31.0	(7.5)	20.4	4.3	4.9
<b>MAN</b>	<b>1564</b>	<b>1875</b>	<b>2019</b>	<b>2368</b>	<b>2231</b>	<b>2180</b>	<b>2230</b>
%	(35.9)	19.9	7.7	17.3	(5.8)	(2.3)	2.3
<b>SASK</b>	<b>1341</b>	<b>1612</b>	<b>1954</b>	<b>2154</b>	<b>2070</b>	<b>2000</b>	<b>2000</b>
%	(13.0)	20.2	21.2	10.2	(3.9)	(3.4)	0.0
<b>ALTA</b>	<b>10096</b>	<b>12949</b>	<b>18170</b>	<b>20077</b>	<b>16688</b>	<b>17225</b>	<b>17400</b>
%	(20.3)	28.3	40.3	10.5	(16.9)	3.2	1.0
<b>BC</b>	<b>11581</b>	<b>12447</b>	<b>12911</b>	<b>8691</b>	<b>8731</b>	<b>9000</b>	<b>9500</b>
%	(30.2)	7.5	3.7	(32.7)	0.5	3.1	5.6
<b>CAN</b>	<b>64425</b>	<b>77996</b>	<b>93186</b>	<b>86431</b>	<b>92190</b>	<b>*94200</b>	<b>*96700</b>
%	(28.0)	21.1	19.5	(7.2)	6.7	2.2	2.7

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	<b>547</b>	<b>639</b>	<b>476</b>	<b>364</b>	<b>138</b>	<b>200</b>	<b>200</b>
%	(30.6)	16.8	(25.5)	(23.5)	(62.1)	44.9	0.0
<b>PEI</b>	<b>58</b>	<b>124</b>	<b>96</b>	<b>137</b>	<b>144</b>	<b>135</b>	<b>145</b>
%	(73.0)	113.8	(22.6)	42.7	5.1	(6.3)	7.4
<b>NS</b>	<b>1128</b>	<b>781</b>	<b>874</b>	<b>880</b>	<b>905</b>	<b>1250</b>	<b>1000</b>
%	(18.8)	(30.8)	11.9	0.7	2.8	38.1	(20.0)
<b>NB</b>	<b>578</b>	<b>549</b>	<b>577</b>	<b>458</b>	<b>575</b>	<b>550</b>	<b>465</b>
%	(11.9)	(5.0)	5.1	(20.6)	25.5	(4.3)	(15.5)
<b>QUE</b>	<b>8457</b>	<b>8402</b>	<b>9823</b>	<b>8453</b>	<b>9944</b>	<b>10460</b>	<b>10890</b>
%	(46.3)	(0.7)	16.9	(13.9)	17.6	5.2	4.1
<b>ONT</b>	<b>15694</b>	<b>16043</b>	<b>18671</b>	<b>21093</b>	<b>27814</b>	<b>30400</b>	<b>31400</b>
%	(5.5)	2.2	16.4	13.0	31.9	9.3	3.3
<b>MAN</b>	<b>399</b>	<b>443</b>	<b>593</b>	<b>527</b>	<b>902</b>	<b>665</b>	<b>695</b>
%	(47.2)	11.0	33.9	(11.1)	71.2	(26.3)	4.5
<b>SASK</b>	<b>361</b>	<b>826</b>	<b>803</b>	<b>811</b>	<b>1019</b>	<b>950</b>	<b>1000</b>
%	(35.1)	128.8	(2.8)	1.0	25.6	(6.8)	5.3
<b>ALTA</b>	<b>3810</b>	<b>3716</b>	<b>5501</b>	<b>7045</b>	<b>8759</b>	<b>7900</b>	<b>8200</b>
%	(24.1)	(2.5)	48.0	28.1	24.3	(9.8)	3.8
<b>BC</b>	<b>15476</b>	<b>15194</b>	<b>16440</b>	<b>11240</b>	<b>7578</b>	<b>9000</b>	<b>10500</b>
%	(32.2)	(1.8)	8.2	(31.6)	(32.6)	18.8	16.7
<b>CAN</b>	<b>46508</b>	<b>46717</b>	<b>53854</b>	<b>51008</b>	<b>57778</b>	<b>*61500</b>	<b>*64500</b>
%	(27.9)	0.4	15.3	(5.3)	13.3	6.4	4.9

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type

		1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NF	Semi-detached	72	141	158	163	50	50	60
	Row	40	40	18	20	9	20	10
	Apartment	435	458	300	181	79	130	130
	Total	547	639	476	364	138	200	200
PEI	Semi-detached	20	10	12	28	32	30	25
	Row	18	68	43	10	31	30	25
	Apartment	20	46	41	99	81	75	95
	Total	58	124	96	137	144	135	145
NS	Semi-detached	417	447	303	290	218	175	175
	Row	72	59	58	89	29	30	25
	Apartment	639	275	513	501	658	1045	800
	Total	1128	781	874	880	905	1250	1000
NB	Semi-detached	127	138	106	106	134	135	105
	Row	51	92	132	89	94	90	80
	Apartment	400	319	339	263	347	325	280
	Total	578	549	577	458	575	550	465
QC	Semi-detached	2264	2384	2767	1930	1586	2000	2000
	Row	1046	1094	1433	1074	1184	1200	1280
	Apartment	5147	4924	5623	5449	7174	7260	7610
	Total	8457	8402	9823	8453	9944	10460	10890
ON	Semi-detached	2306	3348	4299	4575	6445	7700	7000
	Row	6175	8124	9964	10073	10425	10500	9900
	Apartment	7213	4571	4408	6445	10944	12200	14500
	Total	15694	16043	18671	21093	27814	30400	31400
MAN	Semi-detached	45	126	143	131	90	120	115
	Row	121	113	96	81	151	105	110
	Apartment	233	204	354	315	661	440	470
	Total	399	443	593	527	902	665	695
SK	Semi-detached	86	134	160	174	155	150	200
	Row	60	193	352	222	104	200	200
	Apartment	215	499	291	415	760	600	600
	Total	361	826	803	811	1019	950	1000
ALB	Semi-detached	592	1049	1458	1428	1570	1575	1640
	Row	1340	1203	1691	1512	1424	1625	1690
	Apartment	1878	1464	2352	4105	5765	4700	4870
	Total	3810	3716	5501	7045	8759	7900	8200
B.C.	Semi-detached	1607	1528	1979	1218	816	900	1000
	Row	2964	3364	3469	2117	1444	2100	2500
	Apartment	10905	10302	10992	7905	5318	6000	7000
	Total	15476	15194	16440	11240	7578	9000	10500
CAN	Semi-detached	7536	9305	11385	10043	11096	*12800	*12300
	Row	11887	14350	17256	15287	14895	*15900	*15800
	Apartment	27085	23062	25213	25678	31787	*32800	*36400
	Total	46508	46717	53854	51008	57778	*61500	*64500

Source: CMHC 2000-2001 Forecast.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/Co-op		Total Rental	Condo	Other*	Total 10,000+		
		Private	Assisted						
NFLD	1999	6	0	6	0	117	123	15	138
	2000	50	0	50	20	110	180	20	200
	2001	50	0	50	20	120	190	10	200
PEI	1999	116	0	116	0	8	124	20	144
	2000	75	0	75	0	35	110	25	135
	2001	95	0	95	0	25	120	25	145
NS	1999	571	0	571	0	164	735	170	905
	2000	655	0	655	250	200	1105	145	1250
	2001	590	0	590	100	200	890	110	1000
NB	1999	284	0	284	58	185	527	48	575
	2000	315	0	315	60	140	515	35	550
	2001	235	0	235	80	120	435	30	465
QUE	1999	3444	0	3444	3456	1838	8738	1206	9944
	2000	3128	0	3128	4005	2829	9962	498	10460
	2001	3431	0	3431	4387	2525	10343	547	10890
ONT	1999	1313	0	1313	13184	13190	27687	127	27814
	2000	3180	0	3180	12360	13960	29500	900	30400
	2001	3700	0	3700	14650	12100	30450	950	31400
MAN	1999	455	0	455	301	8	764	138	902
	2000	310	0	310	255	0	565	100	665
	2001	325	0	325	260	0	585	110	695
SASK	1999	80	0	80	633	121	834	185	1019
	2000	50	0	50	820	0	870	80	950
	2001	75	0	75	850	0	925	75	1000
ALTA	1999	1264	0	1264	5439	748	7451	1308	8759
	2000	800	0	800	5000	900	6700	1200	7900
	2001	800	0	800	5250	950	7000	1200	8200
BC	1999	1038	537	1575	5034	692	7301	277	7578
	2000	1200	800	2000	5900	700	8600	400	9000
	2001	1200	800	2000	7100	900	10000	500	10500
CAN	1999	8571	537	9108	28105	17071	54284	3494	57778
	2000	9763	800	10563	28670	18874	58107	3403	**61500
	2001	10501	800	11301	32697	16940	60938	3557	**64500

Source: CMHC 2000-2001 Forecast.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

### MLS Total Residential Sales (units and annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
<b>NFLD</b>	<b>1655</b>	<b>2005</b>	<b>2170</b>	<b>2288</b>	<b>2450</b>	<b>2500</b>	<b>2500</b>
%	(11.6)	21.1	8.2	5.4	7.1	2.0	0.0
<b>PEI</b>	<b>476</b>	<b>750</b>	<b>806</b>	<b>1125</b>	<b>1200</b>	<b>1150</b>	<b>1100</b>
%	(20.5)	57.6	7.5	39.6	6.7	(4.2)	(4.3)
<b>NS</b>	<b>7019</b>	<b>8372</b>	<b>7567</b>	<b>8052</b>	<b>8925</b>	<b>8450</b>	<b>8000</b>
%	(1.7)	19.3	(9.6)	6.4	10.8	(5.3)	(5.3)
<b>NB</b>	<b>3496</b>	<b>4023</b>	<b>3941</b>	<b>4080</b>	<b>4338</b>	<b>4375</b>	<b>4300</b>
%	4.7	15.1	(2.0)	3.5	6.3	0.9	(1.7)
<b>QUE</b>	<b>29824</b>	<b>39194</b>	<b>43463</b>	<b>45192</b>	<b>50030</b>	<b>46680</b>	<b>46590</b>
%	(11.2)	31.4	10.9	4.0	10.7	(6.7)	(0.2)
<b>ONT</b>	<b>104993</b>	<b>137921</b>	<b>140608</b>	<b>138463</b>	<b>148900</b>	<b>151000</b>	<b>156000</b>
%	(8.8)	31.4	1.9	(1.5)	7.5	1.4	3.3
<b>MAN</b>	<b>9749</b>	<b>10965</b>	<b>11180</b>	<b>10762</b>	<b>10700</b>	<b>10750</b>	<b>10710</b>
%	(9.9)	12.5	2.0	(3.7)	(0.6)	0.5	(0.4)
<b>SASK</b>	<b>7349</b>	<b>8689</b>	<b>8346</b>	<b>8068</b>	<b>8000</b>	<b>7600</b>	<b>7500</b>
%	(1.5)	18.2	(3.9)	(3.3)	(0.8)	(5.0)	(1.3)
<b>ALTA</b>	<b>29098</b>	<b>37485</b>	<b>43693</b>	<b>43383</b>	<b>42500</b>	<b>43000</b>	<b>44000</b>
%	(10.5)	28.8	16.6	(0.7)	(2.0)	1.2	2.3
<b>BC</b>	<b>58082</b>	<b>72182</b>	<b>68182</b>	<b>52910</b>	<b>57000</b>	<b>59800</b>	<b>62000</b>
%	(22.8)	24.3	(5.5)	(22.4)	7.7	4.9	3.7
<b>CAN</b>	<b>251741</b>	<b>321586</b>	<b>329956</b>	<b>314323</b>	<b>334043</b>	<b>*335300</b>	<b>*342700</b>
%	(12.5)	27.7	2.6	(4.7)	6.3	0.4	2.2

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Estimate 1999, CMHC Forecast 2000-2001.

(E) Estimate. (F) Forecast.

\* Total does not add due to rounding.

### MLS Average Residential Price (dollars and annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
<b>NFLD</b>	<b>89525</b>	<b>93661</b>	<b>92226</b>	<b>91514</b>	<b>94500</b>	<b>95500</b>	<b>96500</b>
%	(2.4)	4.6	(1.5)	(0.8)	3.3	1.1	1.0
<b>PEI</b>	<b>73807</b>	<b>83923</b>	<b>86402</b>	<b>79579</b>	<b>81500</b>	<b>83000</b>	<b>84000</b>
%	(6.3)	13.7	3.0	(7.9)	2.4	1.8	1.2
<b>NS</b>	<b>89788</b>	<b>93444</b>	<b>96693</b>	<b>97015</b>	<b>101000</b>	<b>103000</b>	<b>104000</b>
%	(1.4)	4.1	3.5	0.3	4.1	2.0	1.0
<b>NB</b>	<b>83994</b>	<b>84198</b>	<b>87205</b>	<b>86648</b>	<b>89000</b>	<b>90250</b>	<b>90500</b>
%	(0.2)	0.2	3.6	(0.6)	2.7	1.4	0.3
<b>QUE</b>	<b>98837</b>	<b>98603</b>	<b>101715</b>	<b>103947</b>	<b>107470</b>	<b>109100</b>	<b>110500</b>
%	(3.3)	(0.2)	3.2	2.2	3.4	1.5	1.3
<b>ONT</b>	<b>154606</b>	<b>155662</b>	<b>164382</b>	<b>167115</b>	<b>173700</b>	<b>180000</b>	<b>187000</b>
%	(3.5)	0.7	5.6	1.7	3.9	3.6	3.9
<b>MAN</b>	<b>81897</b>	<b>85318</b>	<b>85404</b>	<b>86334</b>	<b>86350</b>	<b>87000</b>	<b>87750</b>
%	(2.2)	4.2	0.1	1.1	0.0	0.8	0.9
<b>SASK</b>	<b>73796</b>	<b>77478</b>	<b>83978</b>	<b>87577</b>	<b>91500</b>	<b>95500</b>	<b>99500</b>
%	1.5	5.0	8.4	4.3	4.5	4.4	4.2
<b>ALTA</b>	<b>114772</b>	<b>117673</b>	<b>124865</b>	<b>132905</b>	<b>139500</b>	<b>145500</b>	<b>150600</b>
%	(2.2)	2.5	6.1	6.4	5.0	4.3	3.5
<b>BC</b>	<b>221860</b>	<b>218687</b>	<b>220512</b>	<b>212045</b>	<b>213000</b>	<b>208000</b>	<b>212000</b>
%	(3.3)	(1.4)	0.8	(3.8)	0.5	-2.3	1.9
<b>CAN**</b>	<b>150368</b>	<b>150848</b>	<b>154644</b>	<b>152363</b>	<b>157414</b>	<b>*161700</b>	<b>*167300</b>
%	(5.0)	0.3	2.5	(1.5)	3.3	2.7	3.4

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Estimate 1999, CMHC Forecast 2000-2001.

(E) Estimate. (F) Forecast.

\* Total does not add due to rounding.



### Employment (annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1.4	(3.8)	1.1	3.2	5.2	1.9	1.4
PEI	4.6	2.5	0.6	0.6	1.7	1.0	0.8
NS	1.2	0.2	1.8	3.0	2.6	1.2	1.7
NB	2.1	(0.3)	1.1	2.6	3.6	1.5	1.0
QUE	1.5	0.3	1.5	2.1	2.4	1.6	1.4
ONT	1.4	1.5	1.9	3.7	3.1	3.0	2.7
MAN	2.0	0.8	2.4	1.5	2.0	1.3	1.3
SASK	0.7	0.2	2.8	0.9	0.5	1.0	1.0
ALTA	2.7	2.9	3.1	3.9	2.8	3.0	2.9
BC	1.7	2.5	1.8	1.2	2.2	1.7	2.1
CAN	1.6	1.3	1.9	2.8	2.7	2.3	2.1

Source: Statistics Canada, CMHC Forecast 2000-2001.  
(F) Forecast.

### Unemployment Rate (per cent)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	18.3	19.4	18.8	17.9	16.7	16.1	15.9
PEI	14.7	14.5	14.9	13.9	14.1	13.9	13.9
NS	12.1	12.6	12.2	10.7	9.7	9.6	9.5
NB	11.5	11.7	12.8	12.1	10.1	9.6	9.2
QUE	11.3	11.8	11.4	10.4	9.4	8.9	8.6
ONT	8.7	9.1	8.5	7.2	6.4	5.3	4.9
MAN	7.5	7.5	6.6	5.7	5.5	5.5	5.4
SASK	6.9	6.6	6.0	5.9	6.1	5.8	5.7
ALTA	7.8	7.0	6.0	5.7	5.8	5.6	5.5
BC	9.0	8.9	8.7	8.9	8.3	8.0	7.7
CAN	9.5	9.7	9.2	8.3	7.6	7.0	6.7

Source: Statistics Canada, CMHC Forecast 2000-2001.  
(F) Forecast.

## Real Gross Domestic Product (annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	2.2	(3.3)	1.5	6.2	4.5	5.0	6.0
PEI	5.5	1.4	0.5	1.0	2.4	2.1	2.1
NS	1.8	0.1	2.8	2.9	3.4	2.5	2.4
NB	2.9	1.7	0.7	2.3	3.7	2.5	1.8
QUE	1.9	1.4	3.3	2.6	3.2	2.7	2.4
ONT	3.7	1.6	4.4	4.3	4.5	4.3	4.1
MAN	0.6	2.1	3.7	3.3	2.4	2.4	2.3
SASK	1.4	2.5	5.1	1.3	2.0	2.4	2.2
ALTA	3.0	2.2	7.3	3.2	2.3	3.5	3.8
BC	2.2	2.5	1.7	0.2	1.2	2.0	1.5
CAN	2.8	1.7	4.0	3.1	3.4	3.4	3.2

Source: Statistics Canada, CMHC Estimate 1999, CMHC Forecast 2000-2001.

(E) Estimate. (F) Forecast.

## Total Net Migration\* (persons)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	-6886	-7913	-9121	-8838	-5000	-6200	-6200
PEI	558	591	-464	-161	285	225	205
NS	1257	1658	-487	-801	2025	1200	800
NB	-844	-842	-1423	-2528	-1000	-1650	-1850
QUE	18279	9376	3841	5004	3555	6950	6740
ONT	93096	92960	107613	85058	107500	110250	112500
MAN	-1216	-1365	-4233	-978	-350	-300	-150
SASK	-1595	-434	-1813	-3	-3300	-2300	-1300
ALTA	15582	25664	44222	53291	36200	22500	21000
BC	69005	69112	51152	12353	21500	41000	49000
CAN**	187236	188807	189287	142397	161415	171675	180745

Source: Statistics Canada, CMHC Estimate 1999, CMHC Forecast 2000-2001.

(E) Estimate. (F) Forecast.

\* Sum of interprovincial migration, international migration, non-permanent residents, and returning Canadians.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, structures of 3 units +
Victoria	1998	964	520	-5.6	4603	246014		3.8
	1999	1340	531	-5.0	4670	246000		3.6
	2000(F)	1065	570	-2.0	5020	251000		3.4
Vancouver	1998	11878	3373	-5.0	19041	357029		2.7
	1999	8677	3568	-4.0	22400	352800		2.7
	2000(F)	9300	4100	-2.0	24300	370000		2.5
Edmonton	1998	5947	4080	3.4	13726	128290	A	1.9
	1999	6655	4075	2.5	13500	134000	A	2.2
	2000(F)	6600	4400	2.5	13900	142000	A	2.0
Calgary	1998	12495	9219	7.6	20554	167422		0.6
	1999	10600	6613	4.6	20300	175500		2.8
	2000(F)	9400	6600	3.5	20200	182300		2.3
Saskatoon	1998	1137	692	2.2	2993	103156	A	0.8
	1999	1273	724	1.4	3100	108000	A	0.9
	2000(F)	1250	750	1.5	3200	112000	A	1.0
Regina	1998	537	468	4.2	2868	85029	A	1.7
	1999	573	403	3.5	2700	90000	A	1.4
	2000(F)	600	460	3.5	2800	91500	A	1.5
Winnipeg	1998	1575	1190	0.8	9748	86838	A	4.0
	1999	1772	1204	1.2	9600	88400	A	3.0
	2000(F)	1600	1200	1.3	9700	89900	A	3.0
Thunder Bay	1998	224	161	-2.3	1311	110099	A	9.3
	1999	232	192	-1.1	1301	112316	A	7.5
	2000(F)	332	220	-0.5	1340	114000	A	6.5
Sudbury	1998	165	161	-2.3	1693	109621	A	9.4
	1999	199	131	-1.1	1744	105093	A	11.1
	2000(F)	160	150	-0.5	1800	107500	A	10.0
Windsor	1998	1938	1355	0.3	5016	130497		4.3
	1999	2387	1761	0.6	5100	135000		2.7
	2000(F)	2509	1825	2.0	5200	139000		2.5
London	1998	2027	1309	0.4	6416	129706		4.5
	1999	1773	1344	0.9	6720	131899		3.5
	2000(F)	2085	1350	2.0	6450	134000		3.4
Kitchener	1998	2549	1759	2.1	4365	143104	A	1.5
	1999	2821	2002	1.8	4695	146495	A	1.0
	2000(F)	3050	2150	2.2	4500	151000	A	0.9
St. Catharines-Niagara	1998	1319	996	3.1	5815	122440		4.6
	1999	1485	1026	2.3	5947	125540		3.2
	2000(F)	1350	1025	2.2	6100	128450		2.9
Hamilton	1998	3627	1736	3.2	10017	153628	A	3.2
	1999	3923	1906	1.0	10543	158164	A	1.9
	2000(F)	4100	2100	2.0	10800	161000	A	1.7
Toronto	1998	25910	12696	3.2	55344	216814	A	0.8
	1999	34904	15535	1.7	58957	228372	A	0.9
	2000(F)	36000	16000	4.0	62500	236000	A	1.0

## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate Structures of 3 units +
Oshawa	1998	1759	1400	n.d.	4237	150994		2.0
	1999	2463	2150	n.d.	4400	156000		1.7
	2000(F)	2500	2125	n.d.	4450	160000		1.5
Ottawa	1998	3615	2248	0.7	9547	143953	C	2.1
	1999	4447	2837	2.8	11150	149300	C	0.7
	2000(F)	4930	2840	3.1	11650	153900	C	0.9
Hull	1998	1244	687	n.d.	2306	95514	S	6.7
	1999	1185	640	n.d.	2630	95875	S	4.4
	2000(F)	1190	636	n.d.	2600	96540	S	3.8
Montréal	1998	10293	5657	0.4	25254	122442	A	4.7
	1999	12366	6522	2.0	28200	125000	A	3.0
	2000(F)	12500	6800	3.5	28200	130000	A	3.0
Trois-Rivières	1998	599	233	n.d.	757	77400		8.5
	1999	380	205	n.d.	850	77200		7.9
	2000(F)	450	200	n.d.	805	78000		9.0
Sherbrooke	1998	590	329	n.d.	1044	91400	A	7.3
	1999	645	305	n.d.	960	90000	A	7.6
	2000(F)	700	350	n.d.	1100	92000	A	7.0
Québec	1998	1845	1108	0.6	5112	85836		5.2
	1999	1814	1165	1.5	5470	87550		3.3
	2000(F)	2100	1250	1.5	5600	89800		2.8
Chicoutimi-Jonquière	1998	502	331	n.d.	652	79363	T	4.8
	1999	305	243	n.d.	760	83500	S	4.9
	2000(F)	370	310	n.d.	810	86500	S	5.8
Saint John	1998	278	216	-2.3	1353	87087	A	7.3
	1999	296	255	2.6	1529	88836	A	5.2
	2000(F)	370	305	2.0	1575	91000	A	4.8
Halifax	1998	1739	1125	0.8	5129	114024	A	5.5
	1999	2356	1669	2.8	5853	118522	A	3.6
	2000(F)	2575	1575	1.0	5600	119000	A	4.5
St. John's	1998	741	475	-1.3	2131	92560	A	15.4
	1999	807	688	0.3	2325	95500	A	9.2
	2000(F)	875	700	0.5	2350	96500	A	7.5
Charlottetown	1998	247	154	n.d.	534	93968	A	6.1
	1999	321	228	n.d.	500	99000	A	5.0
	2000(F)	328	210	n.d.	470	99600	A	4.8
ALL METRO AREAS	1998	95744	53678	1.0	221566			3.4
	1999	105999	57922	2.1	235904			2.6
	2000(F)	108289	60201	2.2	243020			2.6

## Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

T: Data from Teela

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2000.

n.a.: data not available



# Major Housing Indicators

## Seasonally Adjusted Annual Rates

### (levels and quarterly per cent change)

	98:Q1	98:Q2	98:Q3	98:Q4	99:Q1	99:Q2	99:Q3	99:Q4
<b>New housing</b>								
Building permits, units, thousands	151.1	147.2	146.8	149.0	157.3	155.3	159.7	..
%	1.6	(2.6)	(0.3)	1.5	5.5	(1.3)	2.9	..
Housing starts, total, thousands	147.8	137.3	131.8	136.9	146.2	147.0	148.2	157.0
%	0.0	(7.1)	(4.0)	3.9	6.8	0.5	0.8	5.9
Housing starts, singles, thousands	91.8	86.1	82.7	86.9	87.0	91.7	93.0	95.8
%	0.2	(6.2)	(3.9)	5.1	0.1	5.4	1.4	3.0
Housing starts, multiples, thousands	56.0	51.2	49.1	50.0	59.2	55.3	55.2	61.2
%	(1.9)	(8.6)	(4.1)	1.8	18.4	(6.6)	(0.2)	10.9
Housing completions, total, thousands	144.3	138.3	127.2	130.5	150.8	130.5	137.9	..
%	(3.4)	(4.1)	(8.0)	2.6	15.6	(13.5)	5.7	..
New house price index, 1992=100	99.8	100.0	100.2	100.3	100.4	100.6	101.1	..
%	0.4	0.2	0.2	0.1	0.1	0.2	0.5	..
<b>Existing housing</b>								
MLS resales, units, thousands	298.9	328.6	327.2	301.9	312.1	353.9	347.1	..
%	(4.8)	9.9	(0.4)	(7.7)	3.4	13.4	(1.9)	..
MLS average resale price, \$C thousands	152.4	151.8	151.3	154.3	153.8	157.0	158.7	..
%	(1.6)	(0.4)	(0.3)	2.0	(0.3)	2.1	1.1	..
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	381.5	385.9	391.9	398.0	402.3	408.0	415.4	..
%	1.3	1.2	1.5	1.5	1.1	1.4	1.8	..
Mortgage approvals, \$C billions	67.7	73.7	76.6	68.9	76.1	86.9	..	..
%	(2.1)	8.9	3.8	(10.0)	10.5	14.1	..	..
1-year mortgage rate, per cent*	6.40	6.55	6.68	6.37	6.42	6.45	6.97	7.35
5-year mortgage rate, per cent*	6.85	6.95	7.08	6.83	6.92	7.32	7.75	8.25
<b>Residential investment**</b>								
Total, \$1992 billions	42.3	42.0	40.9	41.0	42.6	44.1	44.3	..
%	(1.8)	(0.8)	(2.4)	0.1	4.1	3.3	0.6	..
New, \$1992 billions	21.6	21.0	19.8	20.4	21.4	21.9	22.3	..
%	(1.7)	(3.1)	(5.3)	2.7	4.9	2.4	1.8	..
Alterations, \$1992 billions	13.9	13.7	13.4	13.6	14.1	14.3	14.0	..
%	0.7	(1.9)	(1.7)	1.1	3.9	1.0	(1.7)	..
Transfer costs, \$1992 billions	6.8	7.4	7.7	7.0	7.2	7.9	8.0	..
%	(6.9)	8.8	4.3	(8.4)	2.0	10.5	1.5	..
Deflator, 1992=100	107.7	108.5	107.9	109.4	110.3	111.4	111.2	..
%	1.1	0.7	(0.5)	1.4	0.8	1.0	(0.2)	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

CAI  
MH50  
-C53



Government  
Publications

# MHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

Strength this year and beyond

## Overview

### Starts:

2000: +6.0 %

2001: +3.5 %

### Resales:

2000: + 0.2 %

2001: + 2.2 %

**Starts:** Look for starts to continue rising through 2002 (see Special Report). Gains will be tied to job and income growth, consumer confidence, rising migration, and stronger house prices. These positives will outweigh the negative effect of higher mortgage rates this year.

**Resales:** Sales of existing homes will top the 1999 record, up marginally this year and 2.2 percent in 2001, paced by Ontario, Alberta, and British Columbia.

**Prices:** Look for increases in resale prices to match the strong pace from last year. Expect price gains of close to 4 per cent in both 2000 and 2001.

Details on page three.

## Second Quarter, 2000

- 3 **NATIONAL OUTLOOK**
- 4 **TRENDS IMPACTING HOUSING**
- 6 **SPECIAL REPORT: MEDIUM-TERM OUTLOOK**
- 9 **PROVINCIAL REPORTS**
- 9 [British Columbia](#)
- 10 [Alberta](#)
- 11 [Saskatchewan](#)
- 12 [Manitoba](#)
- 13 [Ontario](#)
- 14 [Quebec](#)
- 15 [New Brunswick](#)
- 16 [Nova Scotia](#)
- 17 [Prince Edward Island](#)
- 18 [Newfoundland](#)
- 19 **FORECAST TABLES**

## The Nation's HOT SPOTS

**Ontario:** Following the surge in building in 1999, look for strong but less spectacular gains in the next two years (See Page 13).

**British Columbia:** Construction in B.C. will turn the corner in 2000, but will not approach the levels of the mid-1990s (See Page 9).

**New Brunswick:** Spin-offs from megaprojects are a major reason for the 19 per cent jump in starts expected this year (See Page 15).

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact Ginette Godward at (613) 748-2006 to get your copy sent to you by e-mail.

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.





## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2003, fax: 613 748-4069

To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST

Single issue \$30 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)>

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2000 Canada Mortgage and Housing Corporation  
All rights reserved.

ISSN 1488-6537

#### Upcoming PDF Release Dates

Third Quarter 2000 — July 17

Fourth Quarter 2000 — October 17

# National Housing Outlook

## In Detail

### All housing types up this year

Construction of all types of homes will rise this year. Semi-detached starts will soar before falling back in 2001. All other types will see comparatively steady growth this year and next.

### Multiples strong in Nova Scotia, New Brunswick, Ontario, and B.C.

Multiple starts will rise 7.1 per cent this year. Look for Nova Scotia and New Brunswick to post increases of nearly 40 per cent. Ontario and B.C. will also turn in double-digit gains. Next year, B.C. will set the pace, while activity recovers in Saskatchewan and Alberta.

### Singles up most in largest provinces

Starts of single-detached homes will climb 5.2 per cent this year and 3.6 per cent next year. The largest gains will be in Quebec, Ontario, Alberta, and B.C.

### Rental construction rising, condos stable

Look for rental starts to jump by nearly a third this year and then level off next year. Ontario will account for virtually all of the increase. Condominium starts will hold steady this year before rising in 2001, thanks to increases in Ontario and B.C.

### Record resale numbers

Although growth will slow, resales will still hit record levels. More moderate sales increases in part reflect higher mortgage rates as well as scarce listings in some markets. Record volumes will be posted in Ontario, Alberta, and Newfoundland.

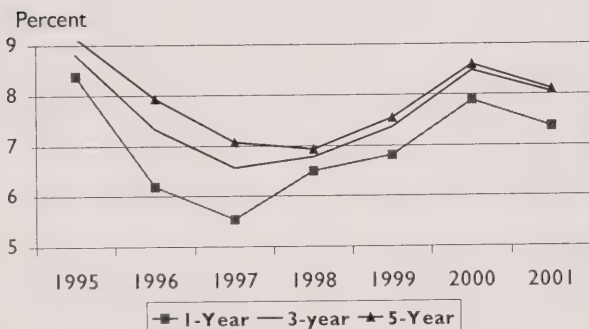
### Prices up everywhere but B.C. in 2000

This year, prices will be up in all provinces except B.C. Look for price gains well above the rate of inflation in Ontario, Saskatchewan, and Alberta. In B.C., prices will bottom out this year and move up in 2001.

## Spotlight on MORTGAGE RATES

### Rates edge up this year, but relief in sight

Mortgage rates rising but still affordable



Source: Bank of Canada.  
2000-2001 forecast by CMHC.

**Mortgage rates increased over the past year. Rates will rise further in coming months but begin to ease towards the end of the year.**

Mortgage rates rose against a backdrop of robust economic growth, increasing concern over inflation, and higher interest rates in the U.S. and Europe. In March, the U.S. Federal Reserve raised interest rates for the fifth time since last June. The Bank of Canada matched each of the last three increases. Additional tightening by the Fed to keep inflation in check is expected.

Despite increasing, mortgage rates are expected to remain low by 1990s standards. Once central bank rate hikes begin to slow the economy and inflationary expectations moderate, mortgage rates should begin to come down beginning late this year and continuing into 2001.



# Trends Impacting Housing

## Positive Impact

- ✓ *Economy in high gear*
- ✓ *Employment and income growth*
- ✓ *Consumers upbeat*

### The Economy

The economy closed 1999 on a strong note, growing at a 4.6 per cent annual clip in the fourth quarter. Growth for the year was a robust 4.2 per cent. Steady consumer spending coupled with continued growth of the U.S. economy and an improving world economy point to a healthy outlook for the next two years. Look for growth of 3.7 per cent in 2000, dropping to 3.3 per cent next year as the expected cooling of the U.S. economy reduces demand for Canadian exports.

So far, there is little evidence of the much anticipated slowdown south of the border. Canada's merchandise trade balance hit a record in January. The booming U.S. economy continues to benefit manufacturers in central Canada. Elsewhere, higher oil prices will help Alberta. In B.C., gradual recovery will be assisted by rising commodity prices and stronger Asian economies.

### Mortgage Rates

Mortgage rates will remain low by 1990s' standards but will rise in coming months, sparked by robust domestic growth and higher interest rates in the U.S. and Europe. Rates will drop later in the year. Over the next two years, look for one-year rates in the 6.75-8.25 per cent range, three-year rates between 7.50 and 8.75 per cent, and five-year rates from 7.50 to 8.75 per cent.

### Consumers

Consumers remain upbeat. Confidence rose in the fourth quarter of 1999 to the highest level in over two years. Employment and equity markets soared and have continued to perform well in the new year. Retail sales paused in January in the wake of Y2K stockpiling, but consumer spending is expected to remain strong and compete with exports as the main engine of the Canadian economy. Rising mortgage rates have not dampened the mood of consumers.

## What to Watch For

- ✓ *Higher mortgage rates this year*
- ✓ *Migrants head for Ontario and Alberta*

### Employment and Incomes

Recent and continued job gains will be a plus for home building in coming months. Revised data indicate that 1999 edged out 1998 as the best year of the decade for job creation, especially for full-time jobs. As well, the pace of employee hiring has pushed ahead of growth in self-employment, reversing the pattern of much of the 1990s. Compared to the exceptional performance of the past two years, look for slightly slower but still very healthy employment gains this year and next.

Canadians should have more money in their pockets. Thanks to a strong economy, employment growth, and continuing tax cuts, look for faster growth in disposable incomes over the next two years.























### Migration

Despite major revisions, international migration estimates tell the same story. In 1998, immigration fell well short of government targets. Net migration to Canada bottomed out at around 115,000 from about 160,000 in the previous year. Immigration recovered gradually last year, increasing by nearly 10 per cent. Look for immigration to continue to bounce back in the next two years as Asian economies improve and new administrative measures are put in place to achieve immigration targets. Increased arrivals will mainly benefit construction in the four largest provinces.

Within Canada, Ontario overtook Alberta as the top destination for interprovincial migrants in the third and fourth quarters. Look for Ontario to lead in coming months. B.C. recorded a small gain in the third quarter, ending a period of large outflows. With Ontario and Alberta exerting a strong pull on job seekers, expect migration to B.C. in the next two years to remain subdued by comparison to the large gains of the first half of the 1990s.

# Trends at a Glance

## Key factors and their effects on home building

Factor	Comment	Impact	
		2000	2001
Mortgage rates	Edging up but easing late in the year.		
Employment	Solid gains expected, building on exceptional years in 1998 and 1999.		
Incomes	Will benefit from strong labour market and tax cuts.		
Net migration	Recovering from trough in 1998.		
Household formation	Should increase as a result of improving net migration and job and income gains. More individuals and families can afford to live independently.		
Consumer confidence	Expected to remain high.		
House prices	Rising prices stimulate construction. For consumers, housing should be a more attractive investment.		
Unoccupied units	Low inventories a positive signal to builders.		
Vacancy rates	Rental markets to remain tight.		
Construction costs	Material cost increases to moderate once U.S. economy and housing market slow.		
Profits	Rising house prices good for profits.		

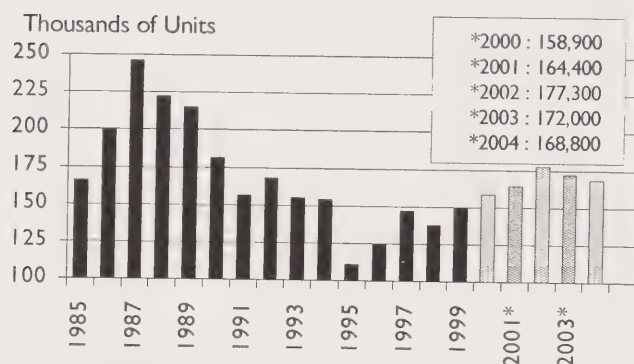


# Special Report: Medium-Term Outlook

**From now through 2004, new home construction will benefit from favourable economic conditions. A gradual decline is expected after 2002 as a result of a slowdown in the North American economy.**

After wavering in 1998, residential construction jumped by 9.1% in 1999 in Canada. This vigour will continue over the next five years. The high point of the cycle should be attained in 2002 (177,300 housing starts). The current cycle resembles that which prevailed in the 1980s, but its amplitude should be less pronounced on account of the less vigorous demographic context.

### Total Housing Starts, Canada



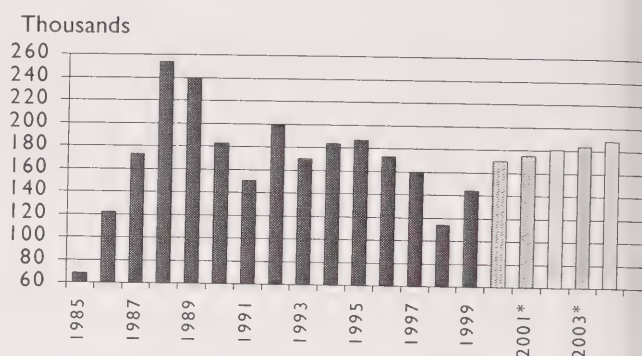
Source: CMHC.

\* Forecast.

Our forecast scenario is based on continued economic growth in North America and a major increase in the net international migration level. Economic growth in Canada should remain above 3.0% through 2003. In fact, the Canadian economy has not yet reached its full potential as the labour force participation rate (65.6% in 1999) is still lower than the level recorded at the end of the 1980s (67.2% in 1989) and even below that registered in 1991 (66.5%). This situation, combined with a labour shortage in the United States, could lead some American companies to move some of their production to Canada, since the pool of available workers in the U.S. is near the 10-million mark, a level considered critical by American monetary authorities. Thus, there is still room for sustained growth in household formation and housing demand in Canada, to the extent that the labour market continues to expand thanks to improvement in international economic and business conditions and the strength of North American demand.

Improved economic conditions in Asia should also bring more immigrants to Canada over the next few years. Ontario and, to a lesser extent, British Columbia, Quebec and Alberta, the main destinations of international migrants, will benefit from this stimulus to their housing markets. Net international migration levels should hover between 170,000 and 190,000 persons through 2004, trending upward over the forecast period.

### Total Net Migration, Canada



Source: Statistics Canada, CMHC.

\* Forecast.

## Confidence, employment, and disposable income on the rise

Canadians have regained a taste for real estate, as evidenced by the record level of transactions and the price increases recorded last year on the resale market. Rises in employment, particularly in full-time jobs, and disposable income, as a result of tax relief measures, support household formation. The redressing of federal government's finances and the budget surpluses realized or anticipated in several provinces are also buoying household confidence. In this context, prices, driven by disposable income gains and the confidence of households, should continue to rise through 2002.

Given the industry's prudence in the last few years, new home inventories are low and the national rental housing vacancy rate stood at just 2.6% in 1999, the lowest level in 12 years. These factors also suggest potential for growth in home-building activity.

In brief, all the important influences in the residential construction sector are favourable in the medium term, with the possible exception of mortgage rates. Rates are sustaining upward pressure as strong economic growth, tighter labour market conditions, and higher energy prices are raising concerns that inflation will accelerate.

## Regional details

The strength in residential construction will not be felt to the same degree in all provinces over the next five years. The growth expected through 2002 will be mainly attributable to Ontario, which should receive a large contingent of interprovincial and international migrants. British Columbia will then take the lead as the economic health of its traditional export markets recovers. In the Atlantic provinces, a gradual downturn in housing starts is expected until 2004, except in Prince Edward Island. Finally, little change is anticipated in the Prairies and Quebec.

### Newfoundland

Despite rapid economic growth owing to the development of the oil industry, labour market conditions remain difficult, and a good number of Newfoundland residents will continue to leave the province over the next few years. As a result, the volume of housing starts will gradually decline throughout the period.

### Prince Edward Island

This province is bound to stand out from its Atlantic neighbours over the next few years, as its residential construction sector will have to meet the needs of an aging population and an influx of retirees from other provinces. The current housing stock on the Island cannot meet the needs of these growing groups, and a strong demand for apartments and row homes is expected. Housing starts should grow steadily.

### Nova Scotia

Residential construction will slow down in Nova Scotia over the next few years, as the migration boom associated with the development of major energy projects comes to an end.

### New Brunswick

Moderate prospects for economic growth and a return to a slightly negative net migration level will limit potential growth in housing starts in New Brunswick through 2004.

### Quebec

The Quebec economy will remain vigorous over the next few years, thanks to the vitality of the export sector and the strength of consumer demand. Housing starts will rise until 2002 and then start falling back on account of declining household formation.

### Ontario

With its great appeal to immigrants and powerful economy, Ontario will post a major increase in housing starts until the end of 2002. The volume of starts will drop in 2003 and 2004, but remain high compared to the levels registered during the 1990s. In fact, the performance of housing starts in Canada until 2004 will essentially rest on the behaviour of the Ontario economy and the ultimate impact of Ontario's net migration on housing markets.

## Total Housing Starts, Canada and the Provinces

	1998	1999	2000*	2001*	2002*	2003*	2004*
Newfoundland	1,450	1,371	1,450	1,500	1,450	1,400	1,350
Prince Edward Island	524	616	625	645	650	675	700
Nova Scotia	3,137	4,250	4,350	4,000	3,850	3,750	3,600
New Brunswick	2,447	2,776	3,300	2,850	2,775	2,700	2,600
Quebec	23,138	25,742	26,748	27,517	28,307	28,115	27,785
Ontario	53,830	67,235	74,000	77,000	85,000	79,000	74,000
Manitoba	2,895	3,133	2,845	2,845	2,895	2,910	2,925
Saskatchewan	2,965	3,089	2,950	3,000	3,100	3,200	3,100
Alberta	27,122	25,447	25,125	26,000	25,775	24,755	24,755
British Columbia	19,931	16,309	17,500	19,000	23,500	25,500	28,000
Canada	137,439	149,968*	158,900*	164,400*	177,300*	172,000*	168,800

\* Forecast. Total does not add due to rounding.



## Manitoba

Manitoba's diversified economy and slightly negative, but stable, net migration level will allow the province to record annual housing starts very close to the 3000-unit mark until 2004.

## Saskatchewan

Although it posted slower growth than the Canadian average, the Saskatchewan economy will continue to create jobs over the next few years and, by the same token, reduce its migration deficit in relation to the other provinces. As a result, housing starts will remain around 3,000 units over the next five years.

## Alberta

With economic growth averaging 3.5% through 2004 and the oil sector expanding, Alberta will continue to attract a large contingent of interprovincial and international migrants. Its very competitive taxation and dynamic labour market will also favour economic growth and household formation, supporting strong housing demand over the next few years.

## British Columbia

The residential construction recovery will be slow in British Columbia and will materialize only after 2001 as conditions improve in the Asia-Pacific zone. In the meantime, the province will have to contend with neutral or slightly favourable interprovincial migration flows, well below the levels observed in the early 1990s, partly due to the province's economic performance relative to its two main competitors: Alberta and Ontario.

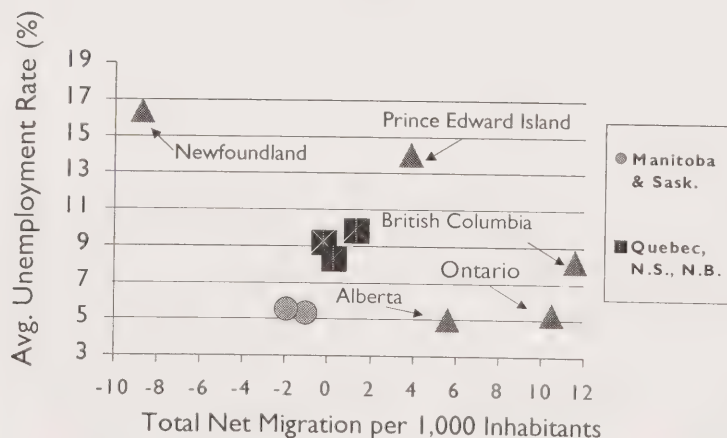
## Forecast Risks

The probability of an economic slowdown in the U.S. and in Canada is rising. The American economic growth cycle has already shattered a longevity record, and nothing lasts forever. In fact, American monetary authorities are saying that the U.S. economy is growing too rapidly and that it will have to return to a more sustainable level. The idea that the North American economy is nearing the end of its cycle leads us to believe that residential construction in Canada through 2004 will rise and then fall. Risks are on the downside over the medium term, that is, tending towards a lower level of housing starts than our forecast. The risks that could dampen Canadian housing markets are as follows:

- **Lower than expected international migration.** Lower migration levels would directly drive down housing starts in British Columbia and Ontario. Our forecast calls for an average net international migration level of 179,000 persons between 2000 and 2004.
- **Marked increase in interest rates.** Higher employment and income levels have meant that rising interest rates have not slowed down the economy or housing demand in North America. U.S. interest rates will be raised gradually, as long as the U.S. economy does not show any serious signs of slowing down. An additional increase of 150 or 200 basis points in interest and mortgage rates, in both the U.S. and Canada, would undoubtedly have a negative impact on housing starts in Canada.
- **Oil crisis.** A sustained and persistent increase in oil prices would inevitably have repercussions on production costs, inflation, and the economy in general.

### Housing Starts Growth Potential

Average Unemployment Rate and Average Net Migration  
2000-2004



Source: CMHC.

- The potential for housing starts grows as net migration levels rise and labour market conditions tighten. For the next few years, Ontario has the greatest housing starts growth potential, as strong international immigration levels and a robust economy are forecast for this province.
- The potential is not as great in Alberta and B.C., respectively on account of a lesser capacity to attract international migrants and a slower labour market. Elsewhere, the potential is limited by weak or negative net migration levels.

# British Columbia

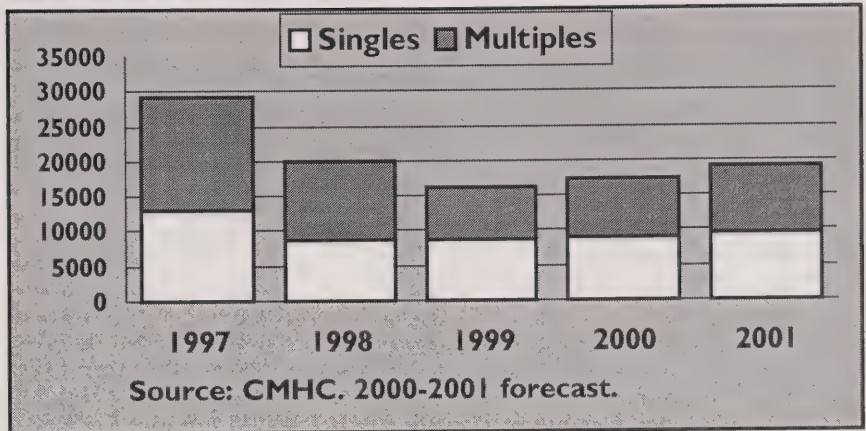
## Overview

**B.C.'s home market needs a boost of consumer confidence.**

Due to the slow recovery of interprovincial migration levels and weak demand from international buyers, the B.C. housing market must rely on local homebuyers to stimulate housing demand. However, many local buyers are staying on the sidelines as consumer confidence remains weak, and personal income cannot keep pace with the rising costs of land acquisition, materials, and labour that developers are reporting. Over the next two years, confidence in general and willingness to make major purchases, such as homes, will remain fragile.

On a bright note, we feel that the housing market bottomed-out in 1999. CMHC forecasts housing starts to recover in 2000, up 7 per cent to 17,500. Single-detached homes and townhomes will be the preferred housing types. High-rise apartment

## B.C. Starts



starts will remain weak.

Some of the economic news coming out of B.C. looks better than one year ago. Improvements in commodity prices will result in slightly better performance for some of B.C.'s resource towns. High technology industries will make even stronger advances in the Greater **Vancouver** area. Tourism will continue to burgeon as demand from Asian and American tourists grows. Specialty sectors, such as film and television, will continue to gain a solid foothold. The well-established transportation and communications sectors will further leverage their positive links to the Pacific Rim, and better performance in the Asian economy is expected to continue into the medium term.

## In Detail

**Single Starts:** Single-detached housing is the mainstay of the housing market. Due to rising costs, small-lot subdivisions will be popular with developers, local government, and consumers since they are compact, affordable, and sustainable. Design themes will continue to follow the craftsman style.

**Multiple Starts:** High-amenity condominium projects with water views will predominate next year. Competition among developers for class "A" locations will keep prices high, so watch for developers using smaller spaces in more creative ways to maintain affordability.

**Resales:** The resale market will continue to maintain strong levels in most non-resource dependent markets. Increases in resales will be limited to preferred neighbourhoods in urban and resort-based markets, and even there, only if vendors do not attempt to increase prices. Look for more buyers from the U.S. and Alberta, especially in resort markets.

**Prices:** Mortgage rates will be particularly important to watch in the B.C. housing market. As rates move up, buyers will be knocked out of the market since there have been only minor gains in real personal income over the last five years. The forecast is for MLS resale prices to fall 2.5 per cent in 2000.

## Spotlight on HIGH TECH

### Job growth to continue to support housing

The number of high-tech firms in B.C. doubled from 1994 - 1998, from 7,400 to 15,000. Job creation from high tech is expected to increase sharply from the 15,000 jobs created annually in the last two years. These jobs will be primarily in the Greater Vancouver area. Most high-tech firms are newly created startups with fewer than ten employees.

Computer and related services, followed by scientific and technical services, are the two predominant sectors, achieving solid employment growth. Growth prospects are positive given the new high-tech industrial parks proposed for Vancouver, Burnaby, Richmond, and other urban B.C. locations.



# Alberta

## Overview

### Weaker new home market despite solid economic growth in 2000.

Rising investment in the energy sector will restore strong economic growth to the Alberta economy over the forecast period. Work is proceeding on Suncor's Millenium Project and Syncrude's Aurora Mine in **Fort McMurray**. Shell has announced plans to develop its Muskeg River project north of **Fort McMurray**, as well as expand its facilities in Strathcona County. In addition, recent expansions in the food and beverage processing and petrochemical industries will increase manufacturing shipments and exports. The resulting job growth and wage gains will provide a boost to consumer confidence and consumption.

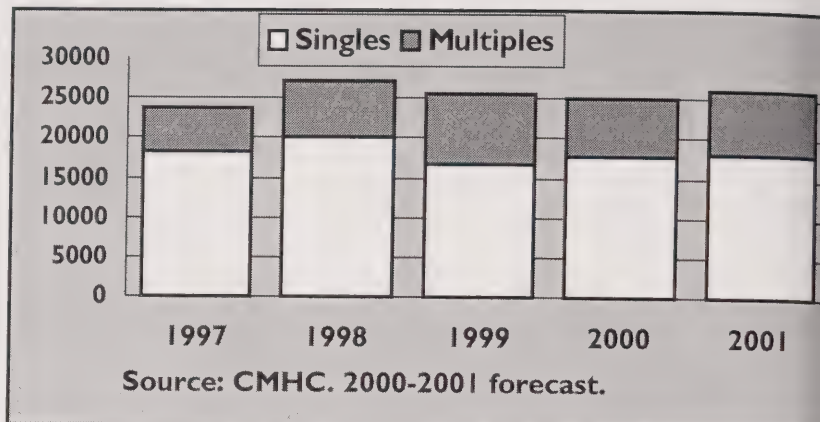
## In Detail

**Single Starts:** Sustained employment growth will boost consumer confidence, lifting demand for new single-detached homes. Starts will reach 17,675 units in 2000, an increase of 5.9 per cent over 1999. As interest rates ease, some momentum will carry over to 2001, resulting in 2.5 per cent growth.

**Multiple Starts:** Following a climb to a 17-year high in 1999, multi-unit construction will record a 15 per cent reduction this year in response to concerns about excess supply. The largest decline will be in **Calgary**, though **Edmonton** will experience a slight drop as well. Expect to see the majority of the adjustment in apartments and, to a lesser extent, row units, with suburban areas experiencing much of the impact.

**Resales:** Resales will post a moderate gain in 2000, but with interest rates rising, will not break the record set in 1997. Expect a new record in 2001, as resale markets benefit from additional listings and a buoyant job market. Sales of existing homes will average 43,650 over the forecast period. In

## Alberta Starts



Despite strong economic growth in Alberta, housing starts are expected to decline by 1.3 per cent in 2000. The pace of activity will be undermined by a downward adjustment to multiple construction, mostly in response to lingering concerns over the high supply of condominiums in **Calgary**. Other factors, including higher mortgage rates, weakening migration levels, and elevated costs for new construction will further serve to limit demand for new housing.

many Alberta centres, the resale market will be heading toward a better balance between buyers and sellers.

**Prices:** The average MLS price is expected to surpass \$145,000 this year, although price growth will moderate from the pace of previous years as affordability conditions weaken. Because price growth will fall short of that in the new home market, look for the price gap between existing and new homes to widen over the next two years.

## Spotlight on ENERGY MARKETS

### Positive outlook for oil and gas drive housing

**A major increase in oil and gas activity is anticipated in 2000. The consensus among forecasters calls for approximately 10,700 oil wells to be drilled in Alberta this year, representing an increase of nearly 38 per cent over 1999 levels.**

**It should be noted that the forecast was based on an oil price of \$US18/bbl for 2000. Due to successful supply management by OPEC, oil prices have been sustained above \$US30/bbl. Even if OPEC increases production, oil prices should average more than \$US20/bbl for the year. As a result, cash flows for Alberta producers will increase, providing a further boost to drilling activity.**

# Saskatchewan

## Overview

### Housing demand firm despite weak economy.

Despite lackluster economic conditions, housing starts held their own last year, nudging past 3,000 units. This pace will be maintained in coming years. Single starts will rebound as employment grows. Although multiple construction may slow some in 2000, it will bounce back when unoccupied inventories are exhausted. Skilled construction tradespeople will be scarce.

There is no end in sight to the scarcity of good-quality, moderately priced resale homes. In-migration from rural Saskatchewan and demand from renters faced with rising rents will ensure steady increases in resale prices and sellers' market conditions in most cities.

World prices for the province's agricultural

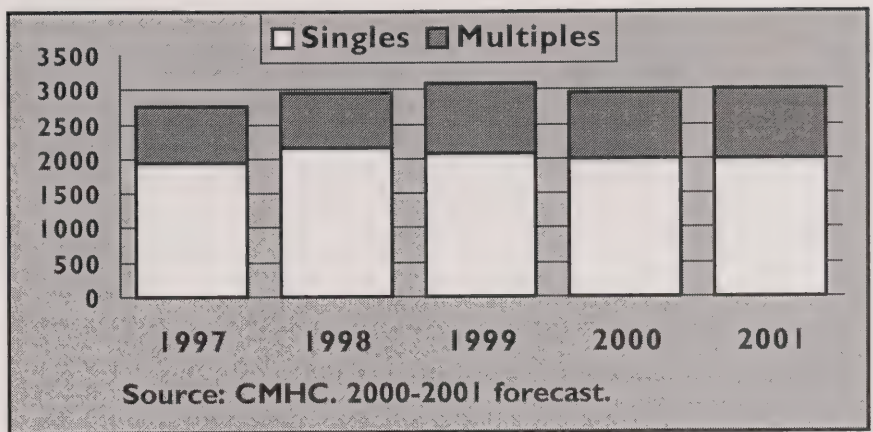
## In Detail

**Single Starts:** Single starts will maintain their pace in 2000 and beyond as demand from buyers unable to find a home in the resale market persists. Rural housing starts, especially on reserve, are also contributing to single housing construction in the face of weak employment growth.

**Multiple Starts:** Growing numbers of empty-nester and senior households are playing the biggest role in multiple construction. Condominium and assisted-living projects will continue to be popular with these groups. In many cases, seniors are demanding luxury features and amenities not found in the existing housing stock, requiring developers to produce new housing.

**Resales:** Look for a continuation of the supply-driven markets prevalent for the last 5 years. In this environment, sales are restricted more by a lack of good-quality resale housing than by demand. The period of time required to sell a home is dropping in most cities.

## Saskatchewan Starts



and mineral products will define the economic future. Saskatchewan's dependence on its natural resources showed clearly in 1999. Employment growth was slack. The diversification of the past 10 years saved the province from more severe economic fallout.

The economy will continue to expand and create jobs. Economic growth should be broad-based, founded on recovery in the farm sector; higher oil and natural gas production, and increased shipments in the manufacturing sector. However, as in the past, economic growth will be below the national average.

**Prices:** Though price increases are modest overall, they are well in excess of inflation. Good-quality starter homes will enjoy the highest gains. Despite rising prices, resale property remains affordable compared to other provinces.

## Spotlight on SENIORS

**Rising affluence of the pre-retired and retired population influences housing demand**

**CMHC household projections suggest Saskatchewan will have one of the largest shares of retirees in Canada.**

**Statistics Canada tells us that this group is relatively affluent compared to the pensioners of pre-1980. Further, we have not yet seen the full benefit of the maturing employer pensions and RRSPs that today's high-income earners will enjoy when they retire.**

**Income has been shown to be an important factor in the size of living accommodation desired and may be related to demand for other features that make retirement more comfortable. Thus, rising income among seniors is contributing to demand for upscale multiple housing.**



# Manitoba

## Overview

**Housing markets supported by steady employment growth due to well diversified economy.**

The Manitoba economy grew by 2.2 per cent in 1999. Gains in consumer spending and the economic stimulus from the Pan Am games were some of the major factors behind the growth. The province would have recorded even better growth if the agriculture, manufacturing, and mining sectors had not shown a sub-par performance in 1999. Indeed, the growth in the Manitoba economy over the past year is a testament to its diversified nature.

Manitoba's output will expand as the agriculture, mining, and manufacturing sectors recover from last year's poor performance and the service sector continues to be a major contributor to growth. Cuts in income taxes coupled with tight labour markets will increase disposable income and

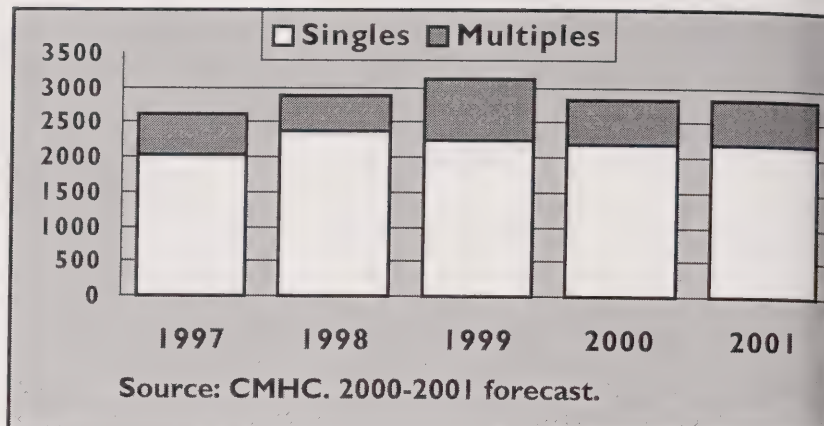
## In Detail

**Single Starts:** Following a 6 per cent reduction last year due to weaker construction activity in the rural areas, look for single starts to stabilize this year and in 2001. Large metropolitan areas will continue to record robust activity as a result of strong consumer confidence and a lack of choice in the resale market.

**Multiple Starts:** Multiple construction has dropped significantly so far this year, since a large number of new units are expected to reach the market in the middle of 2000. Despite the pause in multiple construction, starts will remain at healthy levels in the next two years. Over the longer term, the demand for multiple-family units will continue to grow as Manitoba's population ages.

**Resales:** On the heels of a 3 per cent increase in 1999, the resale market is expected to exceed last year's sales performance in 2000. Urban centres will

## Manitoba Starts



should counteract the negative effect of higher interest rates on consumer spending. As a result, real GDP is forecast to grow at an average annual rate of 2.5 per cent this year and next.

Starts are expected to decline by 9 per cent this year largely due to a reduction in multiple starts. This lull in multiple activity can be qualified as a cautionary pause that will help avoid a glut on the market. However, multiple-type dwellings will continue to gain in popularity especially for households headed by those 55 and older, which are projected to grow over the coming years. Overall, total housing starts will be close to the 3,000 mark.

continue to exhibit robust activity even though listings are diminishing. Dollar volume will keep breaking new records over the next few years.

**Prices:** Strong appreciation in both new and resale prices is anticipated in 2000 due to scarce listings and higher building costs. Price increases will moderate in 2001.

## Spotlight on the LABOUR FORCE

### Labour market conditions remain promising

The labour market will perform well in 2000, adding 3000 new jobs, with a major shift from part-time to full-time positions forcing the unemployment rate down to 5.5 per cent. Most of the jobs will be in transportation & storage, agriculture, health & social services sectors. In 2001, employment will continue to grow and support housing demand and stronger consumer confidence. Furthermore, improving net migration will fuel labour markets as employment prospects remain bright. Manitoba should gain from all provinces except Alberta.

# Ontario

## Overview

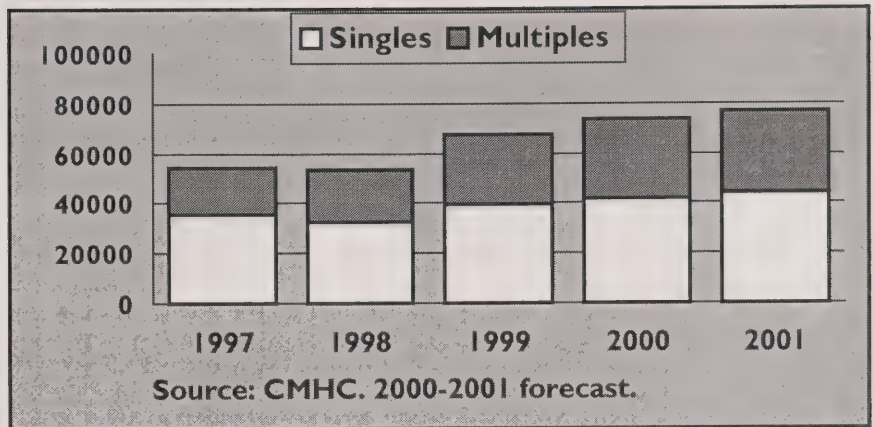
### Jobs will bolster housing demand.

Ontario home starts skyrocketed in the first quarter of this year, accounting for half of Canada's starts. The magnitude of this increase should be interpreted with a bit of caution, however, as volatile multiple starts were responsible for most of the rise.

There is good reason for housing demand strength. The economy is humming along in the midst of a solid economic expansion. Jobs have improved household formation. The help-wanted index is up. Consumers are out in force, and Ontario residents are snapping up more large-ticket items such as homes and cars. Moreover, reasonably low labour force participation rates and employment ratios suggest that several years of strong job growth remain before the province's economy overheats.

Housing starts will jump from 67,235 in

## Ontario Starts



1999 to 74,000 this year — the highest annual level since 1989. While residential construction in the next few years will approach peak late-1980s boom levels, they will not reach them. The key reason for the softer construction peak is that despite a strong economy, the population is older this time around, so that more people already own homes.

On the migration side, the influx of both immigrants and job seekers from other parts of Canada is growing. Non-permanent resident numbers are also up. Migrants, who typically take some time to become established, rent initially and hence put pressure on the rental market. Their demand for ownership homes comes several years later.

## In Detail

**Single Starts:** Single starts will rise by 6.5 per cent this year. Jobs and consumer confidence will keep demand up for this most popular and most expensive form of housing. Strong resale markets will help new detached-home demand by providing buyers moving up to a new home with purchasers for their current homes.

**Multiple Starts:** Multiple starts will jump by 15 per cent. As home ownership carrying costs rise during the current spurt of economic growth, proportionately more home purchasers will turn to newly constructed multiple dwellings as an affordable substitute for single-detached homes. Most of the province's multiple construction will be in ownership town homes and condominium apartments. Rental construction will edge up from a very low level last year.

**Resales:** Resale home markets have tightened across most of Ontario with the exception of the North. Strong job creation

will push sales through the Multiple Listings Service to a new record. The dampening effect of slightly higher mortgage rates will moderate the magnitude of the sales increases.

**Prices:** A dwindling supply of new listings implies prices are poised for slightly faster growth this year. The average increase will be in the six per cent range.

## Spotlight on DEMOGRAPHICS

**Potential Housing Demand (PHD)** is estimated by starting with birth, death, and migration scenarios to project the size and age structure of Ontario's population and ultimately to assess implied household formation numbers.

**Typical Ontario PHD** runs for the next five-year period average under 60,000 households per year for a low migration scenario; 74,000 for sustained current migration levels; and just under 85,000 households if net immigration jumps.

**A hot economy will push actual household formation above the demographic potential.**



# Quebec

## Overview

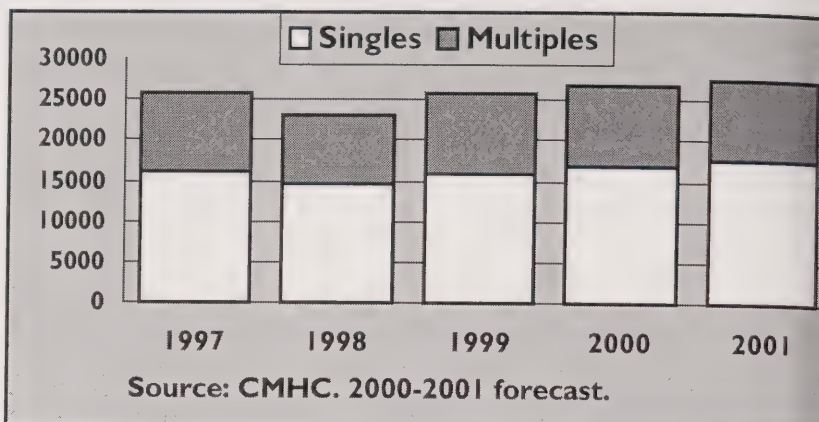
**The good health of the Quebec economy continues to stimulate the housing market.**

Housing starts are expected to pursue their upward trend in 2000 and 2001, reaching 27,500 units in 2001, the highest level since 1994. The resale market will also remain very active during the next two years, with sales volumes slightly below the record levels registered in the late 1990s.

The Quebec economy is starting off the new millennium quite vigorously, a situation that will be maintained over the next few years. This vigour will also be felt in the housing market in 2000 and 2001.

Employment growth will continue this year and next year, thanks in particular to the high-technology sector. This growth will

## Quebec Starts



drive the unemployment rate below the 9 per cent mark in 2000 and 2001.

With the economy at full speed, Quebec consumers are not only finding jobs, often full-time positions, but they are also showing a higher level of confidence. Improving fortunes are translating into greater spending for big-ticket items such as homes. All these factors will support strong housing demand.

## In Detail

**Single Starts:** Single starts will continue to grow. In 2001, they will hit 17,600 units, the highest level since 1994. With the price of new homes almost as appealing as that of existing properties, new houses will attract more second- and third-time buyers wanting a made-to-order home.

**Multiple Starts:** Multiple housing starts will be maintained over the next two years, thanks, in large part, to the condominium and rental apartment market. Rental demand is being buoyed by low vacancy rates and growth in the population of young adults. In the condominium sector, construction is being stimulated by the vigour of resale activity, especially in **Montréal**.

**Resales:** Sales will drop moderately over the next two years, following the record number of transactions posted in 1999. However, the level will stay above 45,000 sales per year. It should be noted that the resale sector is now moving towards a seller's market, a turnaround in market conditions.

**Prices:** The tightening of the housing market is continuing to drive up prices. Price increases will be around 1.5 per cent for both new and existing homes in 2000 and 2001.

## Spotlight on AGING

**The aging of the population: a reality, but not for tomorrow**

**The aging of the population will increasingly become a reality, especially as of 2011. The proportion of persons aged 65 years or older, which stood at 12 per cent in 1996, will attain 16 per cent in 2011.**

**As a result, the need for apartment units, for independent seniors, is certainly present, although relatively modest for the moment. But, this need will be felt to a greater degree after 2006. As well, the need for room-and-board units will be mainly felt in 20 years.**

**Excerpt from the Long-Term Outlook, Population and Households, 1996-2011, CMHC-Quebec.**

# New Brunswick

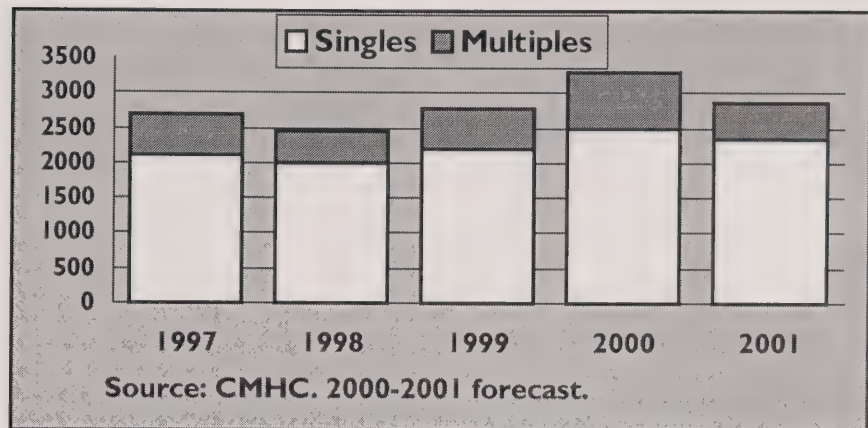
## Overview

### Demand to shift from existing homes to new construction.

A second consecutive year of economic growth above three per cent is expected to create almost 5,000 new jobs in New Brunswick in 2000, keeping consumers brimming with confidence. This will continue to support strong housing demand throughout the year.

Although economic growth and job creation will moderate from the lofty levels of 1999, the spin-offs from construction mega-projects such as the Irving Refinery expansion and the Moncton-Fredericton Highway Project will have maximum impact on the provincial economy this year and decline thereafter. Nonetheless, redoubled economic diversification efforts across the province should alleviate the inevitable deceleration in growth as these projects

## New Brunswick Starts



wind down.

Sparse resale market inventories and declining rental vacancy rates in larger urban centres will spur strong growth in new home and rental unit construction this year, moderating in 2001 as demand subsides. Total housing starts are expected to increase 19 per cent this year, soaring well beyond the 3,000 mark but returning to more sustainable levels in 2001. Existing home sales are expected to decline from 1999's record level as an increasing number of home buyers opt for new construction to meet their housing needs in light of limited offerings on the resale market.

## In Detail

**Single Starts:** On the heels of a very strong fourth quarter of 1999, single starts will rise 13.6 per cent this year, as a growing number of potential home buyers are drawn to new construction after being unable to find what they want on the resale market. While urban single starts will account for most of the growth in 2000, rural single starts will also grow modestly. Subsidizing demand is expected to dampen single starts in 2001.

**Multiple Starts:** After jumping more than 25 per cent from 1998 to 1999, multiple-unit construction is expected to grow even more strongly in 2000 as developers seize opportunities in the **Fredericton** and **Moncton** markets. However, starts will tail off sharply in 2001 as the recent surge in new rental supply catches up with demand.

**Resales:** Two successive years of 4000-plus sales of existing homes have substantially reduced resale market inventory, especially in larger markets. Consequently,

sales activity is expected to decline by approximately 2 per cent this year and again in 2001.

**Prices:** Tightening market conditions and sustained housing demand will continue to produce modest price growth over the next two years, albeit at an abated and decelerating pace compared to the 2.5 per cent posted in 1999.

## Spotlight on EMPLOYMENT

### Diversification efforts will pay dividends

The New Brunswick economy is expected to create almost 5,000 new jobs this year in addition to the more than 10,000 created in 1999. While much of this employment can be attributed to construction mega-projects and recovering resource industries, a growing share of new jobs are in the information technology and telecommunications industries.

Job creation in these sectors will undoubtedly pay dividends in the future by easing the negative economic impacts of the impending "mega-project wind downs" that have resulted in volatility and uncertainty in the provincial economy in the past.



# Nova Scotia

## Overview

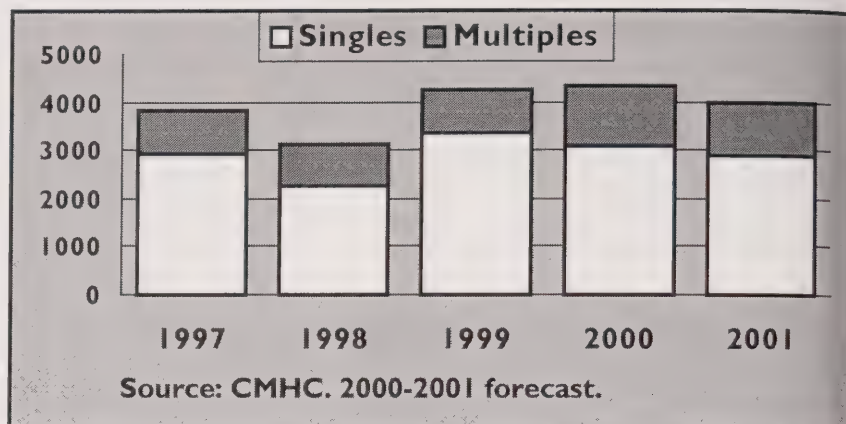
**Housing markets to slow from hectic pace set in 1999 as Sable gas is now ashore.**

Slower economic growth combined with increased inflationary pressures and softening consumer confidence will result in fewer resales and single starts in Nova Scotia this year. Resales will retreat from the record high seen in 1999. With demand for new single-detached homes softening, the labour and materials shortages seen in 1999 will not be repeated this year.

In contrast, multiple-family developers will be more active in 2000. Pushing multiple-family activity to higher levels will be the re-emergence of the condominium market.

Industry players will remain active for the next 18 to 20 months as the distribution phase of Sable gas and further offshore exploration temper the effects of a slower economy. Favourable migration flows led by

## Nova Scotia Starts



the growing oil and gas industry will also promote continued healthy housing markets as professionals and executives arrive in Nova Scotia. This influx combined with low rental vacancies and limited resale listings will contribute to steady demand for newly built homes.

**Halifax** will remain the growth leader for some time to come. Continued job growth and strong migration flows will support a healthy housing market for the next 1 to 2 years. Retirement properties in rural Nova Scotia will also see good growth over the outlook period. Conversely, activity in centres like **New Glasgow** and **Truro** will slow as a result of Sable, while **Cape Breton** will remain weak due to a chronically weak economy.

## In Detail

**Single Starts:** Single starts will retreat from the 5-year high set in 1999. A slower resale market along with reduced economic and job growth will leave fewer buyers in search of newly built homes. Notwithstanding the drop in activity, builders can expect to see the less price-sensitive move-up buyer continue to drive demand for larger homes throughout much of the year.

**Multiple Starts:** Low vacancy rates, rising rents, and a growing move-down market will push multiple-family starts to a 5-year high this year. Spacious rental units in prime locations, centered on **Halifax**, will be competing for the attention of a growing senior and empty-nester market. Adding to the strength in multi-family construction will be increased condominium development offering the move-down market an alternative to high-end rental accommodation.

**Resales:** Reduced affordability and limited listings will keep resales from reaching the record high set in 1999. Still, with 8,300 sales forecast for this year, Nova Scotia real estate agents will remain active.

**Prices:** Prices, which broke through \$100,000 last year, will show modest growth. A limited number of listings and active move-up buyers will push prices up this year and next.

## Spotlight on MIGRATION

### Migrants help push housing demand up

**With housing demand so strong in 1999, those in the industry wondered where all the people were coming from. A closer look at migration data gives us some of the answers.**

**International migrants drive Nova Scotia's net migration. Families coming from the U.S. and Europe often look at Nova Scotia for its very affordable land. Within Canada, migrants coming from Newfoundland and New Brunswick help offset outflows to Ontario and Alberta. With strong migration flows in 1999, it should come as no surprise to see active housing markets.**

# P.E.I.

## Overview

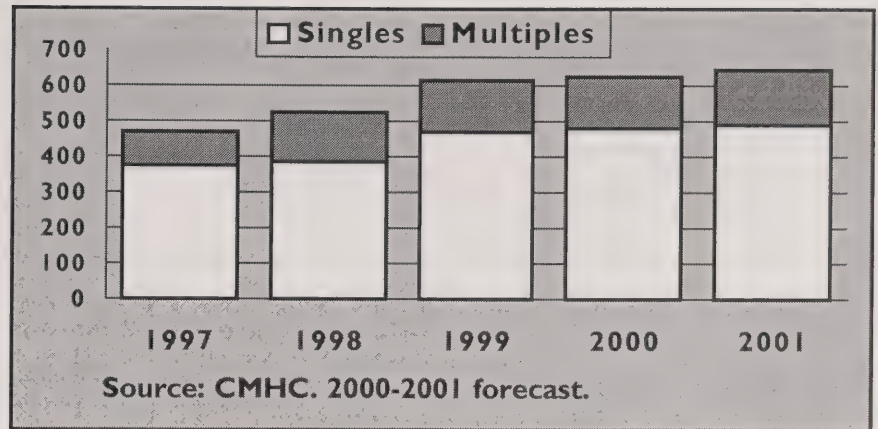
### Bridging tradition and technology

The Island's economy will continue to post annual growth above 2 per cent through 2001. Most of the traditional sectors are expected to do well, but the positive economic prospects for Prince Edward Island will be driven mainly by rapid expansion of its non-traditional industries.

All recent job-creation announcements in Prince Edward Island were directly related to high-tech industries. Several communication and technology companies located in the West Royalty industrial park in **Charlottetown** are planning to expand in the near future.

The aerospace sector in Slemon Park did particularly well over the last few months. Strong employment growth in that industry is having a positive impact on the

## P.E.I. Starts



**Summerside** housing market, where new home construction increased significantly in 1999. Single and multiple starts both rose. Despite an increase in new rental accommodation, the vacancy rate in **Summerside** dropped to 5.5 per cent from 8.8 per cent a year earlier.

A strong North American economy combined with the relatively low level of the Canadian dollar and improved accessibility to the Island thanks to the fixed link are helping to create a new climate for investment. These positive factors will raise housing starts in 2000 and 2001.

## In Detail

**Single Starts:** Last year, single starts reached the highest level since 1991. An aging population combined with strong consumer confidence and attractive mortgage rates will continue to stimulate the demand for single-detached homes. Starts are expected to increase over the next two years.

**Multiple Starts:** The trend towards multiple-unit starts targeted to seniors and empty-nesters is expected to pick up over the forecast period. Multiple starts will increase this year and in 2001.

**Resales:** MLS sales will remain strong but will be unlikely to match the 1999 record level given fewer listings at affordable prices in the **Charlottetown** area. Sales are expected to drop this year and next year, but will remain at healthy levels.

**Prices:** In the face of plentiful listings, average resale prices in the **Summerside** area have declined by more than \$10,000 over the last two years. However, this weakness will not be enough to outweigh rising prices in the larger **Charlottetown** market. For the province as a whole, modest price increases are expected this year and next year.

## Spotlight on MIGRATION

### In-migration expected in the long term

**PEI's determination to build on its strengths and its traditional industries, while at the same time positioning itself to take advantage of the new economy, is expected to stimulate in-migration in the long term.**

**The Island's increasing popularity as a retirement destination will continue to attract older people, while the transition to the new economy combined with a broader range of programs for students should motivate more young people to stay on the Island.**



# Newfoundland

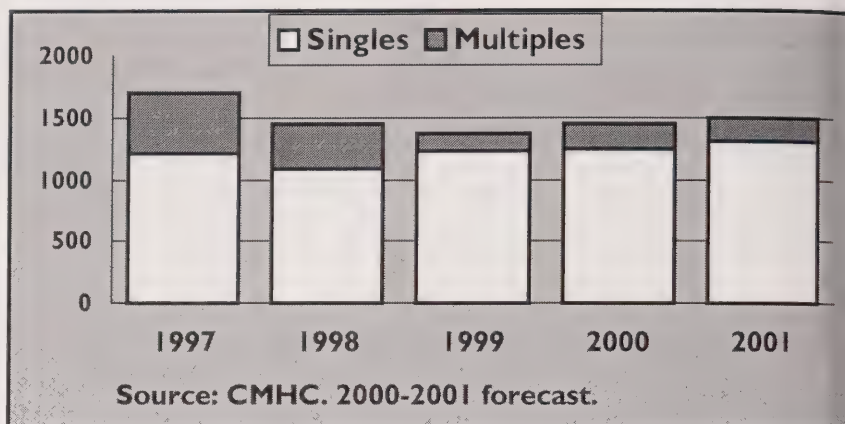
## Overview

**Economic expansion will keep consumers in a good mood and stimulate housing demand.**

Highlighted by ongoing expansion within the offshore oil industry, the provincial economy will remain one of the strongest in the country over the next few years. Economic growth will also be enhanced by improved markets for some commodities and further gains in employment and personal incomes. These conditions will continue to fuel retail trade and other service-related industries. Over the longer term, the economy will be bolstered by the start-up of the Whiterose oil development and the massive Labrador Hydro Project.

Net migration will continue to benefit from strong labour markets as local job opportunities keep people from leaving and prompt others to return home. Wage growth, fur-

## Newfoundland Starts



ther enhanced by tax relief initiatives, will keep consumers in a good mood and continue to stimulate housing demand.

Not all regions of the province will reap the same benefits from the prolonged economic upturn. Adjustment pressures in rural economies as a result of restructuring in the fishery will continue to suppress housing demand in outlying communities.

The **St. John's** region, as the hub of oil development activity, will continue to dominate the provincial housing landscape over the next few years with all segments of its housing market poised to grow.

## In Detail

**Single Starts:** Demand spillover from the existing homes market, where supplies of good-quality units are becoming more scarce, will be a major contributor to anticipated growth in single-detached starts this year and next. Income growth coupled with a steady stream of move-up buyers will also stimulate the singles market.

**Multiple Starts:** With oversupply in provincial rental markets expected to persist, investment in multiples will remain heavily concentrated in the ownership market. Conversion of vacant rental, commercial, and institutional space to condominiums will remain a drag on multiple-unit starts. Demand from seniors for an assortment of low-maintenance and affordable housing will generate some investment in both rental and condominium units.

**Resales:** A strong labour market and high consumer confidence will keep MLS sales on a record-setting pace this year. Further growth in the oil and high-tech industries will ensure an expanding pool of highly paid

professionals and maintain demand for home ownership. The move-up market will also benefit from the increased wealth of aging boomers.

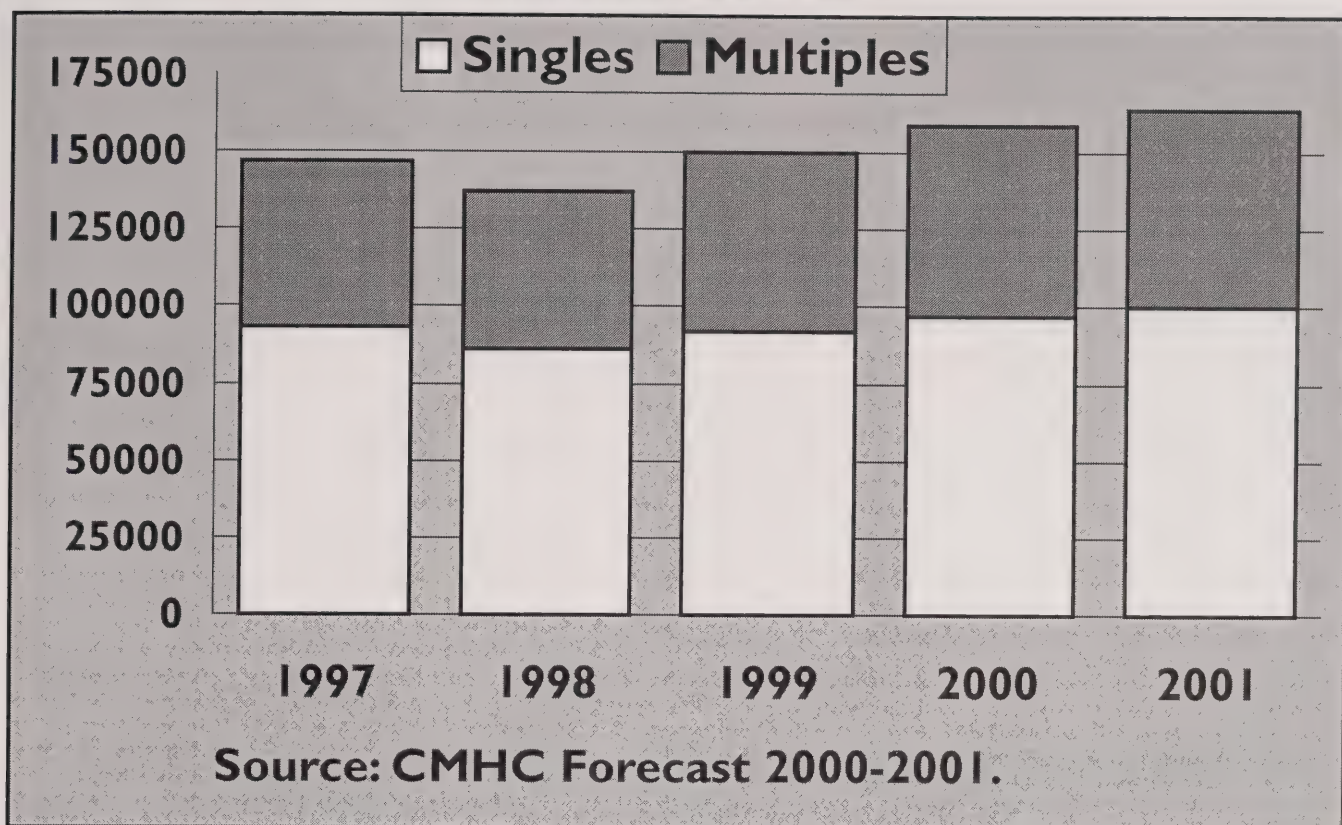
**Prices:** An active move-up market combined with dwindling supplies will propel the average MLS price to record levels.

## Spotlight on the ST. JOHN'S RENTAL MARKET

After hovering in double digits for the past three years, the apartment vacancy rate in the St. John's region recorded a big improvement in 1999. Healthy employment growth in service-based industries, increased student enrollments, and in-migration associated with the expanding oil and high-tech industries all stimulated rental demand. Fewer starts of rental units and conversion of vacant rental space to condos also helped to lower vacancy rates.

October's vacancy rate of 9.2 per cent was down significantly from 15.4 per cent a year earlier. In fact, the St. John's rental market posted the largest improvement of any major centre in the country. As the economy continues to expand and migration flows improve, vacancy rates are expected to edge down further in coming years.

# Canada Starts



## Total Housing Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	1712	2034	1696	1450	1371	1450	1500
%	(23.7)	18.8	(16.6)	(14.5)	(5.4)	5.8	3.4
<b>PEI</b>	422	554	470	524	616	625	645
%	(36.9)	31.3	(15.2)	11.5	17.6	1.5	3.2
<b>NS</b>	4168	4059	3813	3137	4250	4350	4000
%	(12.2)	(2.6)	(6.1)	(17.7)	35.5	2.4	(8.0)
<b>NB</b>	2300	2722	2702	2447	2776	3300	2850
%	(28.2)	18.3	(0.7)	(9.4)	13.4	18.9	(13.6)
<b>QUE</b>	21885	23220	25896	23138	25742	26748	27517
%	(35.9)	6.1	11.5	(10.7)	11.3	3.9	2.9
<b>ONT</b>	35818	43062	54072	53830	67235	74000	77000
%	(23.2)	20.2	25.6	(0.4)	24.9	10.1	4.1
<b>MAN</b>	1963	2318	2612	2895	3133	2845	2845
%	(38.6)	18.1	12.7	10.8	8.2	(9.2)	0.0
<b>SASK</b>	1702	2438	2757	2965	3089	2950	3000
%	(18.9)	43.2	13.1	7.5	4.2	(4.5)	1.7
<b>ALTA</b>	13906	16665	23671	27122	25447	25125	26000
%	(21.4)	19.8	42.0	14.6	(6.2)	(1.3)	3.5
<b>BC</b>	27057	27641	29351	19931	16309	17500	19000
%	(31.3)	2.2	6.2	(32.1)	(18.2)	7.3	8.6
<b>CAN</b>	110933	124713	147040	137439	149968	*158900	*164400
%	(28.0)	12.4	17.9	(6.5)	9.1	6.0	3.5

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	1165	1395	1220	1086	1233	1250	1300
%	(19.9)	19.7	(12.5)	(11.0)	13.5	1.4	4.0
<b>PEI</b>	364	430	374	387	472	480	490
%	(19.8)	18.1	(13.0)	3.5	22.0	1.7	2.1
<b>NS</b>	3040	3278	2939	2257	3345	3100	2900
%	(9.5)	7.8	(10.3)	(23.2)	48.2	(7.3)	(6.5)
<b>NB</b>	1722	2173	2125	1989	2201	2500	2350
%	(32.4)	26.2	(2.2)	(6.4)	10.7	13.6	(6.0)
<b>QUE</b>	13428	14818	16073	14685	15798	16773	17608
%	(27.1)	10.4	8.5	(8.6)	7.6	6.2	5.0
<b>ONT</b>	20124	27019	35401	32737	39421	42000	44000
%	(33.0)	34.3	31.0	(7.5)	20.4	6.5	4.8
<b>MAN</b>	1564	1875	2019	2368	2231	2180	2200
%	(35.9)	19.9	7.7	17.3	(5.8)	(2.3)	0.9
<b>SASK</b>	1341	1612	1954	2154	2070	2000	2000
%	(13.0)	20.2	21.2	10.2	(3.9)	(3.4)	0.0
<b>ALTA</b>	10096	12949	18170	20077	16688	17675	18125
%	(20.3)	28.3	40.3	10.5	(16.9)	5.9	2.5
<b>BC</b>	11581	12447	12911	8691	8731	9000	9500
%	(30.2)	7.5	3.7	(32.7)	0.5	3.1	5.6
<b>CAN</b>	64425	77996	93186	86431	92190	*97000	*100500
%	(28.0)	21.1	19.5	(7.2)	6.7	5.2	3.6

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	547	639	476	364	138	200	200
%	(30.6)	16.8	(25.5)	(23.5)	(62.1)	44.9	0.0
<b>PEI</b>	58	124	96	137	144	145	155
%	(73.0)	113.8	(22.6)	42.7	5.1	0.7	6.9
<b>NS</b>	1128	781	874	880	905	1250	1100
%	(18.8)	(30.8)	11.9	0.7	2.8	38.1	(12.0)
<b>NB</b>	578	549	577	458	575	800	500
%	(11.9)	(5.0)	5.1	(20.6)	25.5	39.1	(37.5)
<b>QUE</b>	8457	8402	9823	8453	9944	9975	9909
%	(46.3)	(0.7)	16.9	(13.9)	17.6	0.3	(0.7)
<b>ONT</b>	15694	16043	18671	21093	27814	32000	33000
%	(5.5)	2.2	16.4	13.0	31.9	15.0	3.1
<b>MAN</b>	399	443	593	527	902	665	645
%	(47.2)	11.0	33.9	(11.1)	71.2	(26.3)	(3.0)
<b>SASK</b>	361	826	803	811	1019	950	1000
%	(35.1)	128.8	(2.8)	1.0	25.6	(6.8)	5.3
<b>ALTA</b>	3810	3716	5501	7045	8759	7450	7875
%	(24.1)	(2.5)	48.0	28.1	24.3	(14.9)	5.7
<b>BC</b>	15476	15194	16440	11240	7578	8500	9500
%	(32.2)	(1.8)	8.2	(31.6)	(32.6)	12.2	11.8
<b>CAN</b>	46508	46717	53854	51008	57778	*61900	*63900
%	(27.9)	0.4	15.3	(5.3)	13.3	7.1	3.2

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type

		1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NF	Semi-detached	72	141	158	163	50	60	70
	Row	40	40	18	20	9	40	40
	Apartment	435	458	300	181	79	100	90
	Total	547	639	476	364	138	200	200
PEI	Semi-detached	20	10	12	28	32	30	35
	Row	18	68	43	10	31	30	25
	Apartment	20	46	41	99	81	85	95
	Total	58	124	96	137	144	145	155
NS	Semi-detached	417	447	303	290	218	175	200
	Row	72	59	58	89	29	30	25
	Apartment	639	275	513	501	658	1045	875
	Total	1128	781	874	880	905	1250	1100
NB	Semi-detached	127	138	106	106	134	150	120
	Row	51	92	132	89	94	110	80
	Apartment	400	319	339	263	347	540	300
	Total	578	549	577	458	575	800	500
QC	Semi-detached	2264	2384	2767	1930	1586	1572	1472
	Row	1046	1094	1433	1074	1184	1187	1190
	Apartment	5147	4924	5623	5449	7174	7216	7247
	Total	8457	8402	9823	8453	9944	9975	9909
ON	Semi-detached	2306	3348	4299	4575	6445	8700	7900
	Row	6175	8124	9964	10073	10425	10800	11750
	Apartment	7213	4571	4408	6445	10944	12500	13350
	Total	15694	16043	18671	21093	27814	32000	33000
MAN	Semi-detached	45	126	143	131	90	120	115
	Row	121	113	96	81	151	125	100
	Apartment	233	204	354	315	661	420	430
	Total	399	443	593	527	902	665	645
SK	Semi-detached	86	134	160	174	155	150	200
	Row	60	193	352	222	104	200	200
	Apartment	215	499	291	415	760	600	600
	Total	361	826	803	811	1019	950	1000
ALB	Semi-detached	592	1049	1458	1428	1570	1625	1675
	Row	1340	1203	1691	1512	1424	1225	1320
	Apartment	1878	1464	2352	4105	5765	4600	4880
	Total	3810	3716	5501	7045	8759	7450	7875
B.C.	Semi-detached	1607	1528	1979	1218	816	900	1000
	Row	2964	3364	3469	2117	1444	2100	2300
	Apartment	10905	10302	10992	7905	5318	5500	6200
	Total	15476	15194	16440	11240	7578	8500	9500
CAN	Semi-detached	7536	9305	11385	10043	11096	*13500	*12800
	Row	11887	14350	17256	15287	14895	*15800	*17000
	Apartment	27085	23062	25213	25678	31787	*32600	*34100
	Total	46508	46717	53854	51008	57778	*61900	*63900

Source: CMHC 2000-2001 Forecast.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/Co-op		Total Rental	Condo	Other*	Total 10,000+		
		Private	Assisted						
NFLD	1999	6	0	6	0	117	123	15	138
	2000	50	0	50	40	100	190	10	200
	2001	50	0	50	40	100	190	10	200
PEI	1999	94	0	94	0	30	124	20	144
	2000	85	0	85	0	35	120	25	145
	2001	95	0	95	0	35	130	25	155
NS	1999	571	0	571	0	164	735	170	905
	2000	655	0	655	250	200	1105	145	1250
	2001	615	0	615	150	225	990	110	1100
NB	1999	284	0	284	58	185	527	48	575
	2000	565	0	565	75	125	765	35	800
	2001	270	0	270	50	140	460	40	500
QUE	1999	3444	0	3444	3456	1838	8738	1206	9944
	2000	3599	0	3599	3612	1921	9132	843	9975
	2001	3576	0	3576	3588	1908	9072	837	9909
ONT	1999	1313	0	1313	13184	13190	27687	127	27814
	2000	3900	0	3900	13300	14550	31750	250	32000
	2001	4200	0	4200	14500	14000	32700	300	33000
MAN	1999	455	0	455	301	8	764	138	902
	2000	185	0	185	345	10	540	125	665
	2001	195	0	195	340	0	535	110	645
SASK	1999	80	0	80	633	121	834	185	1019
	2000	50	0	50	720	100	870	80	950
	2001	75	0	75	750	100	925	75	1000
ALTA	1999	1264	0	1264	5439	748	7451	1308	8759
	2000	800	0	800	4550	900	6250	1200	7450
	2001	800	0	800	4925	950	6675	1200	7875
BC	1999	1038	537	1575	5034	692	7301	277	7578
	2000	1200	800	2000	5400	700	8100	400	8500
	2001	1200	800	2000	6100	900	9000	500	9500
CAN	1999	8549	537	9086	28105	17093	54284	3494	57778
	2000	11089	800	11889	28292	18641	58822	3113	**61900
	2001	11076	800	11876	30443	18358	60677	3207	**63900

Source: CMHC 2000-2001 Forecast.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

### MLS Total Residential Sales (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	1655	2005	2170	2288	2437	2550	2550
%	(11.6)	21.1	8.2	5.4	6.5	4.6	0.0
<b>PEI</b>	476	750	806	1125	1184	1150	1100
%	(20.5)	57.6	7.5	39.6	5.2	(2.9)	(4.3)
<b>NS</b>	7019	8372	7567	8052	8827	8300	8000
%	(1.7)	19.3	(9.6)	6.4	9.6	(6.0)	(3.6)
<b>NB</b>	3496	4023	3941	4080	4338	4250	4150
%	4.7	15.1	(2.0)	3.5	6.3	(2.0)	(2.4)
<b>QUE</b>	29776	39135	43463	45192	49792	46680	46590
%	(11.2)	31.4	11.1	4.0	10.2	(6.3)	(0.2)
<b>ONT</b>	104993	137921	140608	138463	148660	151000	156000
%	(8.8)	31.4	1.9	(1.5)	7.4	1.6	3.3
<b>MAN</b>	9749	10965	11180	10762	11111	11200	11250
%	(9.9)	12.5	2.0	(3.7)	3.2	0.8	0.4
<b>SASK</b>	7349	8689	8346	8068	8053	7600	7500
%	(1.5)	18.2	(3.9)	(3.3)	(0.2)	(5.6)	(1.3)
<b>ALTA</b>	29098	37485	43693	43383	42684	43200	44100
%	(10.5)	28.8	16.6	(0.7)	(1.6)	1.2	2.1
<b>BC</b>	58082	72182	68182	52910	58084	59800	62000
%	(22.8)	24.3	(5.5)	(22.4)	9.8	3.0	3.7
<b>CAN</b>	251693	321527	329956	314323	335170	*335700	*343200
%	(12.5)	27.7	2.6	(4.7)	6.6	0.2	2.2

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.

### MLS Average Residential Price (dollars and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	89525	93661	92226	91514	94359	97500	99000
%	(2.4)	4.6	(1.5)	(0.8)	3.1	3.3	1.5
<b>PEI</b>	73803	83922	86403	79577	82139	83000	84000
%	(6.3)	13.7	3.0	(7.9)	3.2	1.0	1.2
<b>NS</b>	89788	93444	96693	97015	102628	104000	106000
%	(1.4)	4.1	3.5	0.3	5.8	1.3	1.9
<b>NB</b>	83993	84198	87204	86648	88843	90250	90500
%	(0.2)	0.2	3.6	(0.6)	2.5	1.6	0.3
<b>QUE</b>	98685	98435	101715	103947	107501	109100	110500
%	(3.4)	(0.3)	3.3	2.2	3.4	1.5	1.3
<b>ONT</b>	154606	155662	164382	167115	174048	185000	193000
%	(3.5)	0.7	5.6	1.7	4.1	6.3	4.3
<b>MAN</b>	81897	85318	85404	86419	84525	86607	87111
%	(2.2)	4.2	0.1	1.2	(2.2)	2.5	0.6
<b>SASK</b>	73796	77478	83978	87577	91396	95500	99500
%	1.5	5.0	8.4	4.3	4.4	4.5	4.2
<b>ALTA</b>	114772	117673	124865	132905	139621	145500	150600
%	(2.2)	2.5	6.1	6.4	5.1	4.2	3.5
<b>BC</b>	221860	218687	220512	212045	215283	210000	215000
%	(3.3)	(1.4)	0.8	(3.8)	1.5	(2.5)	2.4
<b>CAN</b>	150360	150837	154644	152366	158082	*164300	*170500
%	(5.0)	0.3	2.5	(1.5)	3.8	3.9	3.8

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.



### Employment (annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1.1	(3.7)	1.2	2.6	5.5	1.5	1.4
PEI	3.3	2.9	0.5	1.9	1.5	1.5	1.3
NS	1.0	0.2	1.6	3.8	2.4	1.2	1.5
NB	3.2	(1.2)	1.5	2.3	3.3	1.5	1.0
QUE	1.5	(0.1)	1.6	2.7	2.3	2.0	1.7
ONT	1.8	1.0	2.6	3.3	3.6	3.4	3.3
MAN	1.9	(0.1)	1.3	1.9	0.8	0.7	0.7
SASK	0.8	(0.4)	2.7	1.3	0.6	1.3	1.3
ALTA	2.8	2.9	3.5	3.9	2.5	3.1	2.7
BC	2.2	1.6	2.6	0.1	1.9	1.7	2.1
CAN	1.9	0.8	2.3	2.7	2.8	2.5	2.4

Source: Statistics Canada, CMHC Forecast 2000-2001.  
(F) Forecast.

### Unemployment Rate (per cent)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	18.0	19.3	18.6	18.0	16.9	16.7	16.5
PEI	15.0	14.8	15.4	13.9	14.4	14.2	14.1
NS	12.1	12.3	12.1	10.5	9.6	9.5	9.6
NB	11.2	11.6	12.7	12.2	10.2	9.7	9.3
QUE	11.4	11.9	11.4	10.3	9.3	8.6	8.5
ONT	8.7	9.0	8.4	7.2	6.3	5.3	4.9
MAN	7.2	7.2	6.5	5.5	5.6	5.5	5.4
SASK	6.6	6.6	5.9	5.8	6.1	5.9	5.7
ALTA	7.8	6.9	5.8	5.6	5.7	5.2	5.2
BC	8.4	8.7	8.4	8.8	8.3	8.5	8.3
CAN	9.4	9.6	9.1	8.3	7.6	6.9	6.7

Source: Statistics Canada, CMHC Forecast 2000-2001.  
(F) Forecast.

## Real Gross Domestic Product (annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	2.2	(3.3)	1.5	6.2	5.0	5.0	5.5
PEI	5.5	1.4	0.5	1.0	2.7	2.2	2.3
NS	1.8	0.1	2.8	2.9	3.5	2.5	2.4
NB	2.9	1.7	0.7	2.3	3.7	3.0	1.8
QUE	1.9	1.4	3.3	2.6	3.2	3.0	2.5
ONT	3.7	1.6	4.4	4.3	5.0	4.6	4.4
MAN	0.6	2.1	3.7	3.3	2.2	2.5	2.5
SASK	1.4	2.5	5.1	1.3	2.0	2.5	2.5
ALTA	3.0	2.2	7.3	1.8	2.5	4.3	3.6
BC	2.2	2.5	1.7	0.2	1.5	2.0	1.5
CAN	2.8	1.7	4.0	3.1	3.6	3.7	3.3

Source: Statistics Canada, CMHC Estimate 1999, CMHC Forecast 2000-2001.

(E) Estimate. (F) Forecast.

## Total Net Migration\* (persons)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	-6886	-7934	-8410	-7753	-2148	-3500	-4100
PEI	558	595	-232	49	926	540	535
NS	1257	1599	532	307	3123	1600	1400
NB	-844	-620	-1220	-2163	1350	225	-500
QUE	18279	5422	-2247	-210	4324	2502	2134
ONT	93096	84158	93348	70502	96648	115500	121300
MAN	-1216	-1476	-4174	-1355	1846	-1150	-1150
SASK	-1595	-588	-1469	500	-4541	-2800	-1800
ALTA	15582	24722	40644	48849	22961	22500	16000
BC	69005	67505	44631	7355	20418	34900	41000
CAN**	187236	173383	161403	116081	144907	170317	174819

Source: Statistics Canada, CMHC Forecast 2000-2001.

(F) Forecast.

\* Sum of interprovincial migration, international migration, and non-permanent residents.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Area	Metropolitan	Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price	Rental vacancy rate, structures of 3 units +
Victoria	1998	964	520	(5.6)	4603	246014	3.8
	1999	1340	531	(5.0)	4670	246000	3.6
	2000(F)	1065	570	(4.0)	5020	251000	3.4
Vancouver	1998	11878	3373	(5.0)	19041	357029	2.7
	1999	8677	3568	(4.0)	22400	352800	2.7
	2000(F)	9300	4100	(3.5)	23950	370000	2.5
Edmonton	1998	5947	4080	3.4	13726	128290	A 1.9
	1999	6489	4075	2.0	13594	133442	A 2.2
	2000(F)	6800	4450	2.5	14150	141000	A 2.0
Calgary	1998	12495	9219	7.6	20554	167422	0.6
	1999	10600	6613	4.7	20197	175500	2.8
	2000(F)	9700	7000	3.5	20200	182300	2.3
Saskatoon	1998	1137	692	2.2	2993	103156	A 0.8
	1999	1273	724	1.5	3100	108000	A 0.9
	2000(F)	1250	750	1.5	3200	112000	A 1.0
Regina	1998	537	468	4.2	2868	85029	A 1.7
	1999	573	403	3.5	2700	90000	A 1.4
	2000(F)	600	460	3.5	2800	91500	A 1.5
Winnipeg	1998	1575	1190	0.8	9748	86838	A 4.0
	1999	1772	1204	1.6	9600	88400	A 3.0
	2000(F)	1600	1200	1.8	9700	89900	A 3.0
Thunder Bay	1998	224	161	(2.3)	1311	110099	A 9.3
	1999	232	192	(1.0)	1301	112316	A 7.5
	2000(F)	332	220	(0.5)	1340	114000	A 6.5
Sudbury	1998	165	161	(2.3)	1693	109621	A 9.4
	1999	199	131	(1.0)	1744	105093	A 11.1
	2000(F)	160	150	(0.5)	1580	106400	A 12.0
Windsor	1998	1938	1355	0.3	5016	130497	4.3
	1999	2387	1761	0.6	5100	135000	2.7
	2000(F)	2509	1825	2.0	5200	138524	2.5
London	1998	2027	1309	0.4	6416	129706	4.5
	1999	1773	1344	0.9	6720	131899	3.5
	2000(F)	2085	1350	2.0	6450	134750	3.4
Kitchener	1998	2549	1759	2.1	4365	143104	A 1.5
	1999	2821	2002	1.9	4695	146495	A 1.0
	2000(F)	3320	2150	2.8	4550	154000	A 0.9
St. Catharines-Niagara	1998	1319	996	3.1	5815	122440	4.6
	1999	1485	1026	2.5	5947	125540	3.2
	2000(F)	1500	1075	4.0	6050	129900	2.9
Hamilton	1998	3627	1736	3.2	10017	153628	A 3.2
	1999	3923	1906	1.1	10543	158164	A 1.9
	2000(F)	3605	1850	2.7	10800	162750	A 1.7
Toronto	1998	25910	12696	3.2	55344	216814	A 0.8
	1999	34904	15535	1.8	58957	228372	A 0.9
	2000(F)	37000	16500	3.6	62000	245000	A 1.0

## Local Market Indicators

Census Area	Metropolitan	Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate Structures of 3 units +
Oshawa	1998	1759	1400	n.a.	4237	150994		2.0
	1999	2463	2150	n.a.	4400	156000		1.7
	2000(F)	2610	2250	n.a.	4650	163000		1.5
Ottawa	1998	3615	2248	0.7	9547	143953	C	2.1
	1999	4447	2837	2.6	11150	149300	C	0.7
	2000(F)	5150	3250	2.7	12800	157430	C	0.9
Hull	1998	1244	687	n.a.	2306	95514	S	6.7
	1999	1185	640	n.a.	2630	95875	S	4.4
	2000(F)	1210	670	n.a.	2855	97450	S	3.6
Montréal	1998	10293	5657	0.4	25254	122442	A	4.7
	1999	12366	6522	2.1	28200	125000	A	3.0
	2000(F)	13000	7000	3.0	28200	130000	A	3.0
Trois-Rivières	1998	599	233	n.a.	757	77400		8.5
	1999	380	205	n.a.	850	77200		7.9
	2000(F)	450	200	n.a.	805	78000		9.0
Sherbrooke	1998	590	329	n.a.	1044	91400	A	7.3
	1999	645	305	n.a.	960	90000	A	7.6
	2000(F)	700	350	n.a.	1100	92000	A	7.0
Québec	1998	1845	1108	0.6	5112	85836		5.2
	1999	1814	1165	1.7	5470	87550		3.3
	2000(F)	2400	1349	2.5	5700	89600		2.8
Chicoutimi-Jonquière	1998	502	331	n.a.	652	79363	T	4.8
	1999	305	243	n.a.	760	83500	S	4.9
	2000(F)	400	310	n.a.	810	86500	S	5.3
Saint John	1998	278	216	(2.3)	1353	87087	A	7.3
	1999	296	255	0.4	1530	88836	A	5.2
	2000(F)	385	325	1.5	1575	90200	A	5
Halifax	1998	1739	1125	0.8	5129	114024	A	5.5
	1999	2356	1669	3.2	5853	118522	A	3.6
	2000(F)	2575	1575	1.0	5600	119000	A	5
St. John's	1998	741	475	(1.3)	2131	92560	A	15.4
	1999	807	688	0.3	2298	95500	A	9.2
	2000(F)	900	725	2.0	2425	98000	A	7.5
Charlottetown	1998	247	154	n.a.	534	93968	A	6.1
	1999	321	228	n.a.	500	99000	A	5.0
	2000(F)	330	235	n.a.	470	98500	A	4.8
ALL METRO AREAS	1998	95744	53678	0.9	221566			3.4
	1999	105833	57922	0.9	235869			2.6
	2000(F)	110936	61889	1.9	243980			2.6

## Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

T: Data from Teela

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2000.

n.a.: data not available



# Major Housing Indicators

## Seasonally Adjusted Annual Rates

### (levels and quarterly per cent change)

	98:Q2	98:Q3	98:Q4	99:Q1	99:Q2	99:Q3	99:Q4	00:Q1
<b>New housing</b>								
Building permits, units, thousands	147.2	147.1	148.3	157.4	153.2	158.3	168.6	..
%	(2.6)	(0.1)	0.8	6.2	(2.7)	3.4	6.5	..
Housing starts, total, thousands	136.5	130.8	137.7	145.9	147.3	147.2	157.0	162.7
%	(7.6)	(4.2)	5.3	6.0	1.0	(0.1)	6.7	3.6
Housing starts, singles, thousands	86.2	83.0	88.0	87.2	91.5	92.7	95.8	101.9
%	(6.1)	(3.7)	6.0	(0.9)	4.9	1.3	3.3	6.4
Housing starts, multiples, thousands	50.3	47.8	49.7	58.7	55.8	54.5	61.2	60.8
%	(10.2)	(5.0)	4.0	18.1	(4.9)	(2.3)	12.3	(0.7)
Housing completions, total, thousands	136.6	129.1	129.7	151.0	128.7	140.0	145.6	..
%	(5.3)	(5.5)	0.5	16.4	(14.8)	8.8	4.0	..
New house price index, 1992=100	100.0	100.2	100.2	100.3	100.6	101.1	101.8	..
%	0.2	0.2	0.0	0.1	0.3	0.5	0.7	..
<b>Existing housing</b>								
MLS resales, units, thousands	322.7	323.4	308.9	318.6	352.9	346.7	322.7	..
%	8.0	0.2	(4.5)	3.1	10.8	(1.8)	(6.9)	..
MLS average resale price, \$C thousands	151.6	150.8	154.1	154.6	157.2	158.7	161.7	..
%	(0.5)	(0.5)	2.2	0.3	1.7	1.0	1.9	..
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	386.2	391.6	397.4	402.2	408.1	414.7	420.4	..
%	1.2	1.4	1.5	1.2	1.5	1.6	1.4	..
Mortgage approvals, \$C billions	73.0	75.2	71.1	79.3	87.3	79.7	66.8	..
%	7.8	3.0	(5.5)	11.5	10.1	(8.7)	(16.2)	..
1-year mortgage rate, per cent*	6.55	6.68	6.37	6.42	6.45	6.97	7.35	7.63
5-year mortgage rate, per cent*	6.95	7.08	6.83	6.92	7.32	7.75	8.25	8.46
<b>Residential investment**</b>								
Total, \$1992 billions	42.0	40.9	41.0	42.6	44.2	44.6	45.5	..
%	(0.8)	(2.4)	0.1	4.1	3.7	1.0	1.9	..
New, \$1992 billions	21.0	19.8	20.4	21.3	21.9	22.4	23.1	..
%	(3.1)	(5.3)	2.7	4.5	3.0	2.1	3.0	..
Alterations, \$1992 billions	13.7	13.4	13.6	14.1	14.4	14.2	14.9	..
%	(1.9)	(1.7)	1.1	4.2	1.8	(1.3)	4.8	..
Transfer costs, \$1992 billions	7.4	7.7	7.0	7.2	7.9	8.0	7.6	..
%	8.8	4.3	(8.4)	2.4	9.7	1.9	(6.2)	..
Deflator, 1992=100	108.5	107.9	109.4	110.5	111.4	111.1	111.7	..
%	0.7	(0.5)	1.4	1.0	0.8	(0.3)	0.5	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

CAI  
MH50  
-C53

Government  
Publications

# MHC HOUSING

## OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

### On track for gains this year and next

#### Overview

#### Starts:

2000: +5.6 %

2001: +3.2 %

#### Resales:

2000: -0.4 %

2001: +2.8 %

**Starts:** Look for starts to rise to 158,300 this year and 163,400 in 2001. Gains will be tied to job and income growth, consumer confidence, rising migration, and stronger house prices. These positives will outweigh the negative effect of higher mortgage rates this year.

**Resales:** After edging down this year, sales of existing homes will top the 1999 record next year, rising 2.8 per cent. British Columbia and Ontario will lead growth in 2001.

**Prices:** Look for increases in resale prices to match the strong pace from last year. Expect price gains of around 4 per cent in both 2000 and 2001.

Details on page three.

### Third Quarter, 2000

- 3 NATIONAL OUTLOOK
- 4 TRENDS IMPACTING HOUSING
- 6 SPECIAL REPORT: RENOVATION OUTLOOK
- 9 PROVINCIAL REPORTS
  - 9 British Columbia
  - 10 Alberta
  - 11 Saskatchewan
  - 12 Manitoba
  - 13 Ontario
  - 14 Quebec
  - 15 New Brunswick
  - 16 Nova Scotia
  - 17 Prince Edward Island
  - 18 Newfoundland
- 19 FORECAST TABLES

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.

### The Nation's HOT SPOTS

**Ontario:** Following the surge in building in 1999, look for strong but less spectacular gains in the next two years (See Page 13).

**Alberta:** Growth in the energy sector will maintain construction at levels not seen since the early 1980s (See Page 10).

**Local Markets:** Quebec City and Ottawa will be two of many centres enjoying significant increases in housing starts this year (See Pages 26-27).

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact Ginette Godward at (613) 748-2006 to get your copy sent to you by e-mail.

CMHC Market Analysis Centre  
E-Mail: Market\_Analysis\_Centre@cmhc-schl.gc.ca



HOME TO CANADIANS  
Canada



## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2003, fax: 613 748-4069

To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST

Single issue \$40 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)>

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2000 Canada Mortgage and Housing Corporation

All rights reserved.

ISSN 1488-6537

**Upcoming PDF Release Dates**

**Fourth Quarter 2000 — October 17**

# National Housing Outlook

## In Detail

### Singles strong in 2000, multiples in 2001

Construction of all types of homes will rise. This year, semi-detached starts will set the pace followed by singles. Next year, row starts will enjoy the strongest growth, with semi-detached units again posting solid gains.

### Widespread growth in singles this year

Single starts will climb 6.5 per cent this year, slowing to 1.9 per cent next year. Most provinces will see increases this year. Most will also see growth drop off next year, British Columbia being a notable exception.

### Provincial multiples more volatile than singles

In Canada as a whole, multiple starts will see relatively stable growth of 4.0 and 5.3 per cent. Look for multiple starts in Nova Scotia and New Brunswick to surge nearly 40 per cent this year before falling back in 2001. By contrast, multiple starts in British Columbia will rise by over a quarter next year after a flat year in 2000. Ontario will enjoy solid growth in both years.

### Rental construction rising, condos stable

Although still at low levels, look for rental starts to jump by nearly a quarter this year and level off next year. Ontario will account for virtually all of the increase. Rental starts will also be up in British Columbia. Condominium starts will hold steady before rising modestly in 2001, thanks primarily to gains in B.C.

### Record resale numbers next year


Although growth will slow, resales will still hit record levels in 2001. More moderate sales increases in part reflect higher mortgage rates as well as scarce listings in some markets. Record volumes will be posted in Quebec, Ontario, Alberta, and Newfoundland.


### Prices up everywhere in 2000 and 2001

Look for resale prices to be up in all provinces. Expect price gains well above the rate of inflation in the tight Ontario, Saskatchewan, and Alberta markets.

## Spotlight on FORECAST RISKS

Various factors could cause housing starts to differ from forecast levels. Here are two possible alternative scenarios.

 **Stronger inflation than expected:** The U.S. Fed has raised interest rates six times since last June in an effort to keep inflation in check. Additional modest tightening is expected. Should this medicine appear not to be enough, the Fed might raise rates more than necessary, pushing the U.S. into a recession. The Bank of Canada would likely match the Fed's moves. The combination of higher rates and reduced exports to the U.S. would also produce a recession in Canada. Stock markets and consumer confidence would tumble, and consumers would slow their spending. Reduced demand from consumers and higher financing costs would shrink profits, retarding investment and job creation. Housing starts would fall below our forecast.

 **The U.S. economy continues to surprise:** The U.S. economy has generally confounded forecasters by producing remarkable growth without generating inflation. Rapid gains in labour productivity have allowed for higher-than-expected growth and wage gains, while containing per-unit production costs. It is possible that the U.S. economy will continue to surprise on the upside by growing steadily through 2001, rather than moderating as expected. With 40 per cent of its GDP tied to exports, Canada would clearly benefit from stronger-than-expected performance in the U.S. Housing starts would rise above our forecast.



# Trends Impacting Housing

## Positive Impact

- ✓ *Economy still strong*
- ✓ *Employment and income growth*
- ✓ *Consumers upbeat*

### The Economy

The economy grew at a vigorous 4.9 per cent annual clip in the first quarter of 2000, virtually level with the 5.1 per cent performance in the previous quarter. Strong consumer and investment spending coupled with continued growth of the U.S. economy and an improving global economy point to a healthy outlook for the next two years.

Look for growth of 4.0 per cent in 2000, dropping to 3.5 per cent next year. Interest rate hikes by the U.S. and Canadian central banks are expected to curb the rate of expansion on both sides of the border. Slower growth in the U.S. will reduce demand for Canadian exports. Some preliminary evidence has emerged suggesting that the long-awaited cooling in the U.S. may finally have begun, but data as yet are insufficient to confirm a slowdown.

### Mortgage Rates

Although low by 1990s' standards, mortgage rates will remain subject to upward pressure in coming months, sparked by robust domestic growth and higher interest rates in the U.S. and Europe. Rates will ease once fears of inflation begin to subside. Over the next two years, look for one-year rates in the 7.50-8.50 per cent range, three-year rates between 7.75 and 8.75 per cent, and five-year rates from 8.00 to 9.00 per cent.

### Consumers

Although confidence slipped in the first quarter of 2000, consumers are still upbeat. Consumer spending slowed slightly from the pace set last year, but should remain strong given a backdrop of job growth, income gains, and tax cuts. Canadian equity markets rebounded in May and June from a slide earlier this spring. These positive factors likely outweigh any concerns stemming from rising mortgage rates.

## What to Watch For

- ✓ *Higher mortgage rates this year*
- ✓ *Migrants head for Ontario and Alberta*

### Employment and Incomes

Recent and continued job gains will be a plus for home building in coming months. 1999 edged out 1998 as the best year of the decade for job creation, especially for full time jobs. In the first five months of 2000, job growth moderated but remained robust, pushing the unemployment rate to a twenty-four-year low. Fueled by tight capacity and rising profits, businesses are investing strongly. Compared to the exceptional performance of the past two years, look for slightly slower but still very healthy employment gains this year and next.

Canadians should have more money in their pockets. Federal tax cuts will kick in in July. Thanks to a strong economy, employment growth, wage gains, and continuing tax cuts, look for faster growth in disposable incomes over the next two years.























### Migration

In 1998, immigration plunged, and net migration to Canada hit bottom. Immigration recovered gradually last year. In the first quarter of 2000, immigration dipped slightly and is now running at about 197,000, just below the official annual target range of 200-225,000. Look for immigration to continue to bounce back as Asian economies improve and new administrative measures are put in place to achieve government targets. Increased arrivals will mainly benefit construction in the four largest provinces.

Within Canada, Ontario remains the top destination for interprovincial migrants, followed by Alberta. Look for Ontario to lead in coming months. After a small gain in the third quarter of 1999, outflows from B.C. have resumed. With Ontario and Alberta exerting a strong pull on job seekers, expect migration to B.C. in the next two years to remain subdued by comparison to the large gains of the first half of the 1990s.

# Trends at a Glance

## Key factors and their effects on home building

Factor	Comment	Impact	
		2000	2001
Mortgage rates	Edging up but easing by next year.		
Employment	Solid gains expected, building on exceptional years in 1998 and 1999.		
Incomes	Will benefit from strong labour market and tax cuts.		
Net migration	Recovering from trough in 1998.		
Household formation	Should increase as a result of improving net migration and job and income gains. More individuals and families can afford to live independently.		
Consumer confidence	Expected to remain high.		
House prices	Rising prices stimulate construction, while homeownership affordability remains high given income gains.		
Unoccupied units	Low inventories a positive signal to builders.		
Vacancy rates	Rental markets to remain tight.		
Construction costs	Material cost increases to moderate next year as U.S. economy and housing market slow.		
Profits	Rising house prices good for profits.		



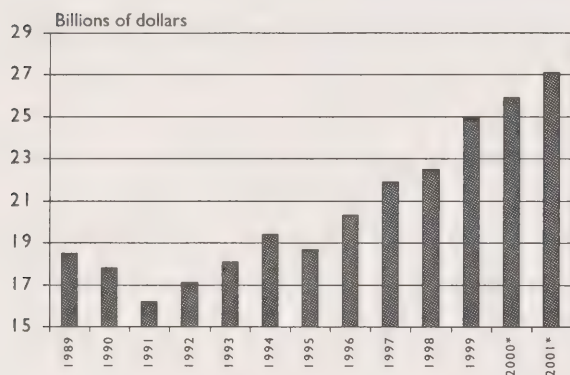
# Special Report: Renovation Market Outlook

The outlook remains very bright for the renovation sector. Persistently high volumes of existing home sales and a significant increase in after-tax income will contribute to increased spending.

## Short-term outlook

The upward trend in renovation spending, which began in 1996 at the same time as the real estate recovery, will continue at least until 2001. Total spending will climb by 4.2 per cent in 2000, to \$25.9 billion, and by another 4.6 per cent in 2001 for a total of \$27.1 billion. The main component of renovation spending, namely additions and modifications, will go up by 5.5 per cent and 4.1 per cent this year and next year, respectively.

## Renovation Spending Continues to Rise

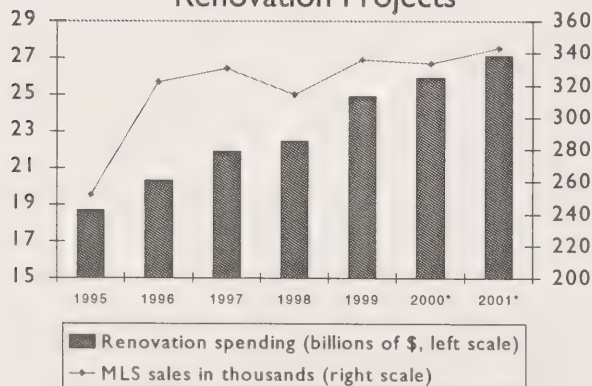


Source: Statistics Canada, CMHC Forecast 2000-2001.

## Existing home sales lead the way

Existing home sales are the principal driving force behind renovation spending. A household will usually decide whether

## Existing Home Market Generates Renovation Projects



or not to do major renovations during the first three years after buying a house.

During this period, average annual renovation spending by homeowner households is 30 to 50 per cent higher than for all households. It is often in this period that newcomers undertake major projects such as renovating the kitchen or bathrooms in order to customize and get the most out of their new home.

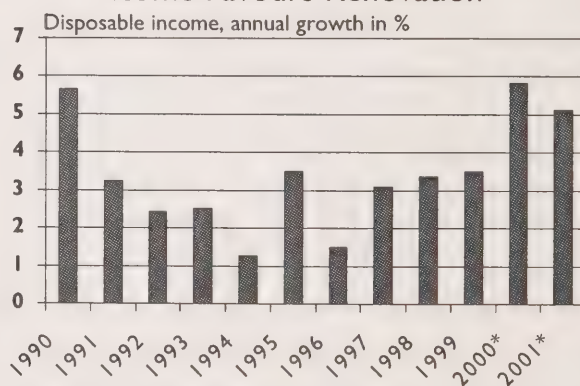
Sales of existing homes, which are forecast to remain stable at 333,700 this year and rise by 2.8 per cent to 343,100 next year, will continue to support renovation spending. In addition, the surge in the volume of transactions in Quebec and Ontario in the last two years continues to generate new business opportunities for renovation firms and manufacturers of building materials.

## Disposable income to rise

The sustained economic growth in the last few years and the fact that this growth will continue will certainly have some positive effects on the renovation market. Consequently, employment growth, improved homeowner incomes, and current and upcoming tax reductions are other key factors in our forecast. More money available after tax provides consumers with greater means to undertake projects.

Our renovation spending forecast is based on the assumption that disposable income will go up by around 6 and 5 per cent in 2000-2001, well above the expected rate of inflation.

## Accelerating Growth in Disposable Income Favours Renovation



Source: Conference Board of Canada.

\* Forecast.

## Mortgage rates: mitigated impact

Mortgage rate increases in 2000 will have only a very limited negative effect. The impact of the increase in incomes and the significant volume of existing home sales will largely offset the negative effect of the rise in financing costs.

### Atlantic region: a changing market

Renovation spending in the Atlantic region will progress slightly this year and next year. The momentum from high volumes of existing home sales in the last few years will continue until 2001. As well, the presence of an older housing stock and the arrival of a number of superstores are two factors that should offset the slowdown in employment growth over the forecast period.

### Quebec: better and better

Renovation spending will post respective gains of 2.5 per cent in 2000 and 1.6 per cent in 2001. The strong wave of existing home sales in the last few years and the ongoing improvement in job market conditions are providing homeowners with the necessary financial means to undertake major renovation projects. In addition, increases in house prices in several centres are raising the confidence of consumers, who see a greater probability of recovering their renovation investment should they decide to sell their homes. (See Spotlight on Renovation on page 14).

### Ontario: lots of action

A booming economy, which is driving up household incomes, and soaring existing home markets will continue to generate growth in renovation spending. Increases of 6.3 and 7.1 per cent are expected for this year and next year. All spending components will rise significantly, with the exception of conversions, given an anticipated slowdown in non-residential recycling projects.

### Prairies: Alberta continuing strong

Alberta will enjoy the highest growth rate for renovation spending in the Prairies over the forecast period. Strong economic growth and in-migration from British Columbia are turning out to be determining factors in this trend. Prospects for high crude oil and gas prices should support oil and gas exploration spending. This will benefit real estate activity on the existing home market and, as a result, renovation expenditures will grow.

In Saskatchewan and Manitoba, the success of exporting companies is countered by difficulties in the agricultural sector, resulting in a less favourable economic context than in Alberta. Also, the stability of starts over the forecast period will not support spending on improvements. Renovation spending will go up only slightly in both cases.

### Activity stable in British Columbia

Sluggish economic activity and higher mortgage financing costs will prevent any significant increase in renovation spending through the end of 2001. Most of the renovation projects for this year will be small or medium-sized.

The only exception will be in well-established districts where activity will be sustained. The homeowners there, generally baby

boomers, have considerable incomes and are less affected by the rise in interest rates. Work undertaken in these neighbourhoods will be substantial.

## Medium-term outlook

Two opposing forces in the renovation market will affect potential expenditure growth over the next 15 years. Increases in the size and the age of the housing stock will more than offset the negative effect of the decrease in renovation spending caused by the aging of the population.

### Renovation needs increase with the age and size of the housing stock

The growth and aging of the housing stock will contribute to an increase in renovation. Aging of the stock, a reflection of fewer starts since the end of the 1980s, is very important. The proportion of homeowner housing units less than 18 years old fell from 43 per cent in 1988 to 32 per cent in 1998. It is anticipated that this trend will continue over the next few years, as starts stay close to current levels.

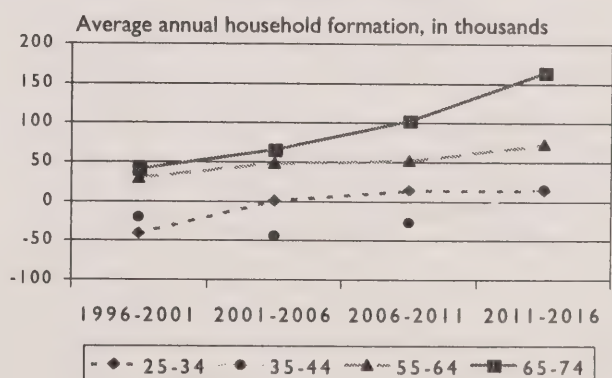
### The aging of the population will increasingly limit the growth in renovation expenditures

The fact that a large number of households will move into the 55-to-64-year age segment over the next 15 years will limit growth in renovation spending. Surveys of renovation spending show a significant decline in this regard when households reach their fifties.

This trend will further intensify as of 2006 when the strongest growth in the number of households will be in the 65-to-74-year age segment, a group in which average renovation spending per household falls quite sharply.

Starting in 2006, it is expected that the number of households headed by those aged from 25 to 34 years will increase, but not sufficiently to offset the decrease in spending attributable to older households. ■

### Household Formation Concentrated in Older Age Groups





## Renovation and construction expenditure

		Renovation			Construction		
		1999	2000	2001	1999	2000	2001
Newfoundland	(\$ millions)	431	437	446	145	164	165
	(% change)	9.3	1.5	2.0	-1.6	13.1	1.0
P.E.I.	(\$ millions)	103	105	109	57	59	60
	(% change)	12.8	2.6	3.8	30.7	2.0	3.0
Nova Scotia	(\$ millions)	684	698	725	413	429	397
	(% change)	10.0	2.1	3.9	38.1	3.9	-7.5
New Brunswick	(\$ millions)	489	503	522	231	289	263
	(% change)	16.4	2.9	3.9	5.5	25.1	-9.0
Quebec	(\$ millions)	5,795	5,940	6,035	2,790	2,902	2,989
	(% change)	9.3	2.5	1.6	14.6	4.0	3.0
Ontario	(\$ millions)	10,071	10,701	11,461	8,512	9,717	10,143
	(% change)	11.0	6.3	7.1	24.2	14.2	4.4
Manitoba	(\$ millions)	802	796	816	331	316	317
	(% change)	5.1	-0.7	2.4	4.6	-4.5	0.3
Saskatchewan	(\$ millions)	753	761	779	307	292	301
	(% change)	11.7	1.0	2.4	5.0	-4.9	2.9
Alberta	(\$ millions)	2,341	2,520	2,686	2,991	3,111	3,204
	(% change)	10.2	7.6	6.6	-3.7	4.0	3.0
British Columbia	(\$ millions)	3,396	3,442	3,507	2,403	2,611	2,859
	(% change)	10.6	1.4	1.9	-23.2	8.6	9.5
Canada	(\$ millions)	24,864	25,903	27,085	18,181	19,890	20,699
	(% change)	10.3	4.2	4.6	8.0	9.4	4.1

Source: Statistics Canada, CMHC Forecast 2000-2001.

### Renovation Expenditure Breakdown (millions of dollars and annual percentage change)

	1999	2000	2001
Improvements and additions	17,160	18,096	18,833
%	8.6	5.5	4.1
Conversions	1,040	857	1,044
%	67.3	-17.6	21.9
Cottages	1,045	1,078	1,162
%	8.8	3.1	7.8
Repairs	5,619	5,873	6,046
%	9.0	4.5	3.0

Source: Statistics Canada, CMHC Forecasts 2000-2001.

## CMHC Renovation Expenditure Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

**Improvements and additions:** Major projects leading to an increase in the value of the home including expansions or modifications and the addition of new equipment.

**Repairs:** Regular maintenance tasks such as painting, caulking or the replacement of existing equipment.

**Conversions:** Work aimed at dividing an existing dwelling or attaching several dwellings. This category also includes the conversion of non-residential buildings into housing.

**Cottages:** Renovations performed on homes that are not used as principal residences.

# British Columbia

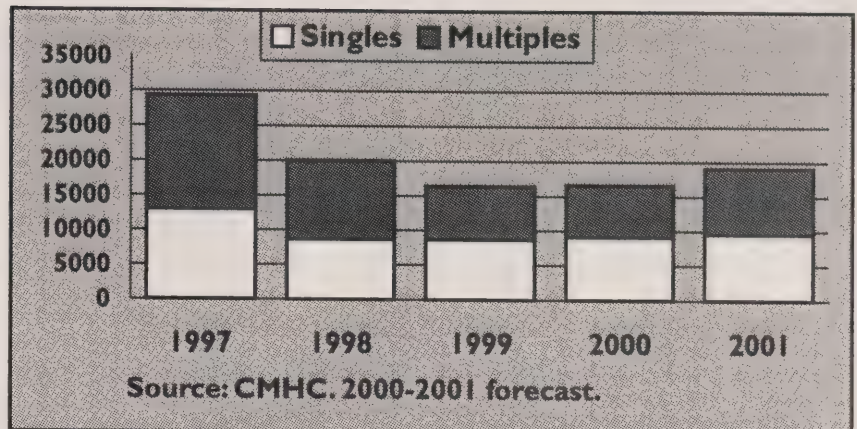
## Overview

**Economic prospects indicate that only niche housing markets will perform well this year.**

In **Vancouver, Victoria, and Kelowna**, job growth is increasing in the service sector, but growth will not translate into more new housing demand. The reason is that higher mortgage rates will weaken prospects for potential home buyers who work in the service sector, B.C.'s fastest growing economic sector. Rather, housing demand will come from consumers employed in knowledge-based sectors (i.e. high-tech) and from the wealth of those achieving substantial capital gains from investing in high-tech.

While younger high-tech workers will seek out new housing that is specially wired and within an easy commute of their employment, baby boomers benefiting from increased wealth, prefer more established neighbourhoods. These wealthy baby boomers will seek out existing heritage or

## B.C. Starts



craftsman-style homes or build new custom homes.

Small, resort-based markets have received the benefit of accumulated wealth. There will be continued demand for specialty housing types. For example, the year-round resort of **Whistler** will experience strong interest by Americans, employed in high tech and finance, looking for high quality recreational properties for leisure activities. Similarly, the **Kootenays** region in the eastern part of the province is attracting interest from Albertan buyers.

The result is that recovery in B.C.'s housing market will be focused on unique markets that build on gains arising from the new economy.

## In Detail

**Single Starts:** Single starts will rise slightly in 2000 as consumers with above-average incomes, who are unaffected by rising mortgage rates, take advantage of economic gains related to the new high-tech economy. Small-lot subdivisions and replacement of existing homes with new custom homes will drive the single-detached market.

**Multiple Starts:** Recovery in the multiple family housing market may begin as early as the end of this year. Preferred locations will be close to industrial parks and major institutions that are attracting the bulk of knowledge-based employment.

**Resales:** Resales will fall in 2000. Higher mortgage rates will evenly distribute the decline of resales among single-detached, apartment condominiums, and townhomes. Weak consumer confidence will continue to affect young, first-time buyers. As well, poor population growth rates, resulting from negative inter-provincial migration, will

continue to have a lingering impact on resource towns and **Vancouver's** suburban markets.

**Prices:** Price increases in **Vancouver** and the **Okanagan** region will more than offset falling prices in smaller housing markets. Higher mortgage rates will erode some of the price gains to date this year, but strong sales of single-detached homes will push up average prices.

## Spotlight on RESOURCE MARKETS

### Job prospects to weaken

**In resource markets, commodity prices have recovered, and the outlook for demand is positive. However, there is little evidence that job prospects will increase in resource towns.**

**The challenge facing many resource-based companies is pressure to lower operating costs. The most popular option will be to reduce variable costs, primarily labour costs. This will result in further employment reductions in many resource towns, lowering demand for new housing. Only the oil and gas industry has increased employment needs, due to strong exploration activity in the northeast region of the province.**



# Alberta

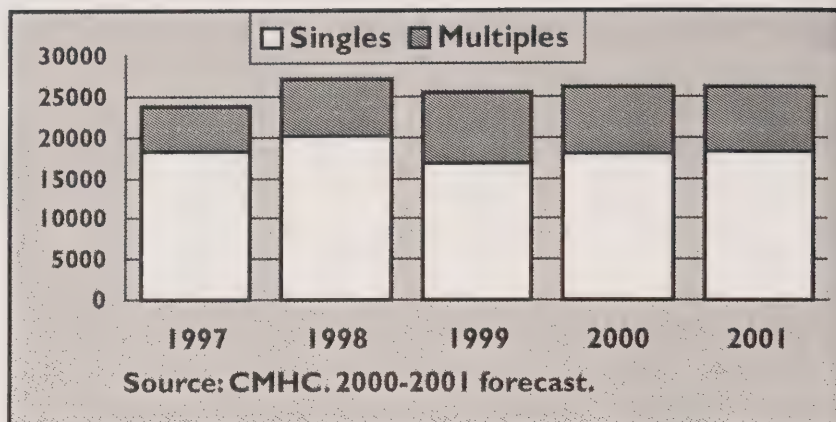
## Overview

**Economic growth leads to strong new home market, but watch out for multiples.**

Pushed by several favourable factors, economic growth in Alberta will outpace the national average over the forecast period. The main driver of growth will be the energy sector, particularly continued investment in mega oilsands projects and high levels of conventional oil and gas drilling activity. Increased exports of food processing, forestry, and petrochemical products will also contribute to economic growth.

This growth will translate into job creation. A greater number of jobs combined with rising wages and recently announced tax cuts should fuel consumer confidence and spending over the next two years. In addition, the factors that are contributing to consumer

## Alberta Starts



confidence will also continue to attract people to Alberta. Total net migration, while lower than the levels seen over the past few years, will add to population growth and benefit demand for services and housing.

However, the decline in migration levels is also a potential downside risk for the economy. In recent years, Alberta has attracted people from all across Canada, particularly British Columbia. As the B.C. economy improves and the Ontario economy continues its strong performance, Alberta may not be able to attract the skilled labour required by its growing economy.

## In Detail

**Single Starts:** Bolstered by strong consumer confidence, job growth, and business investment, single-family starts are expected to surpass 1999's performance by 8 per cent this year, followed by a modest 2 per cent gain in 2001. Lack of resale product in many of Alberta's smaller centres will fuel demand for new units, while active resale markets in **Calgary** and **Edmonton** will provide those moving up to a new home with purchasers for their current units.

**Multiple Starts:** Multi-family construction reached a 17-year high in 1999. However, the market will be hard pressed to exceed this level of activity in 2000 and 2001. Though centres like **Fort McMurray** will see strong gains, the overall decline will be in response to concerns over rising inventory levels in **Calgary** and **Edmonton**. As a result, expect to see a 7 per cent decline in 2000, followed by an additional 4 per cent drop in 2001.

**Resales:** In 2000, total resales will fall shy of the record set in 1997, as buyers become

increasingly sensitive to higher mortgage rates. Expect a new record in 2001, as resale markets benefit from retreating mortgage rates, higher listings, and a buoyant job market.

**Prices:** Market conditions will continue to favour sellers in many localities, resulting in price hikes of 4.2 per cent to \$145,500 this year and 3.5 per cent in 2001.

## Spotlight on ENERGY MARKETS

### Alberta's energy sector is more diversified

The oil price slump of late 1998 and early 1999 did not cause the provincial economy to collapse. This was because of the increased importance of natural gas to the province's energy sector.

Due to increased access to lucrative U.S. markets, energy producers are shifting the focus of their drilling activity from oil to natural gas. The traditional 55/45 split of oil and gas wells drilled has been reversed over the past two years. The anticipated increase in gas-fired electric generation in the U.S. means natural gas production will continue to become more important to the economy over the next few years.



# Saskatchewan

## Overview

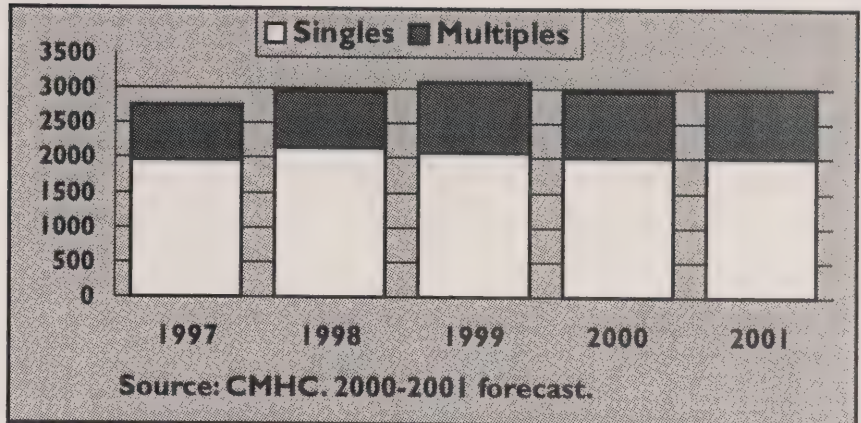
### Housing markets surge in recovering economy.

A strongly recovering provincial economy with new jobs created by rising world demand for Saskatchewan goods is helping housing markets rebound from a tentative first quarter.

With incomes increasing, consumers are brushing aside interest rate hikes and rising housing prices and rents in the drive to form new households and become homeowners.

A scarcity of rental housing in the face of steady rural-urban migration is giving landlords an opportunity to raise rents to compensate for years of operating cost increases. Average rents in **Regina** and **Saskatoon** will increase about 5 per cent this year, pushing many renters into the resale market.

## Saskatchewan Starts



The supply of available resale housing is at the lowest level ever recorded and, where good-quality, entry-level homes can be found, prices are rising rapidly. Saskatchewan cities are seeing some of the highest increases in average resale price in Canada.

As resale housing is scarce and prices are rising, Saskatchewan home builders are rushing to fill the gap. Year-to-date single housing starts in urban Saskatchewan are almost 10 per cent ahead of 1999, the best year in a decade.

## In Detail

**Single Starts:** Rising mortgage rates have had no noticeable effect on single starts in Saskatchewan cities. Heightened activity in the final quarters of 2000 will compensate for a slower first half, bringing single starts in-line with the volumes seen in 1999.

**Multiple Starts:** Multiple-family construction will slow slightly in 2000 as developers market the large inventories of unsold units started in 1999. Construction is expected to rebound as unsold inventories are absorbed by empty-nester buyers. Notwithstanding the current over-supply, condominium and life-lease housing forms remain a popular alternative for seniors and empty-nester households looking for luxury living with low maintenance.

**Resales:** Existing home sales are running 10 per cent lower than 1999, not surprising in light of the fact that listings have fallen 13 per cent behind last year. Rising consumer confidence and job growth combined with increasing rents will support the resale market, but the scarcity of good-quality, starter

homes remains the biggest obstacle.

**Prices:** Rising prices and rents are the catalyst driving housing markets. Renters and home buyers will be faced with more of the same in 2000 and 2001 as steady demand runs up against limited supply.

## Spotlight on MOBILITY and AGING

### How will population aging affect housing demand?

Research by CMHC suggests aging home owners will be looking at alternative housing forms in the next five to ten years.\* This research shows that 50 per cent of persons aged 55 to 64 moved in a five year period while 64 per cent of those age 65 and over moved in the same period.

As the number of Saskatchewan households headed by older persons increases, the availability of traditional existing homes should increase as will demand for alternative housing forms such as condominiums and life-lease.

\*Source: *Residential Mobility of Canadians*, Janet Che-Alford.



# Manitoba

## Overview

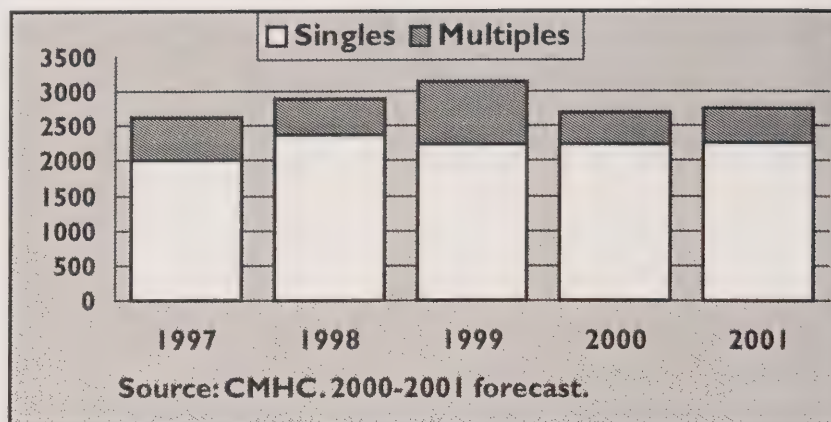
### Several favourable factors contribute to economic growth.

Total economic output in Manitoba is forecast to increase at an annual rate of 2.5 per cent over the next two years.

Continued strength of the U.S. economy will boost exports, while investment will benefit from over \$250 million in construction projects that are currently proceeding or proposed over the forecast horizon.

Manitoba also has one of the lowest unemployment rates in the country. Over two-thirds of the working-age population is in the labour force, a record high. The strong labour market is contributing to wage gains and improving consumer confidence. Higher

## Manitoba Starts



confidence will spur greater consumer spending on goods and services over the forecast period.

The tight labour market is also attracting people to the province. After 13 consecutive years of negative total migration, migration actually added to Manitoba's population in 1999. Improving net inter-provincial migration and increased international migration will be positive for economic growth over the next two years.

## In Detail

**Single Starts:** Following a solid year in 1999, single starts will remain steady in 2000 as Manitoba homebuilders keep busy meeting the demands of move-up buyers facing an increasingly tight resale market. In 2000, starts will reach roughly the same level as in 1999. This steady performance will carry into 2001 due to favourable employment growth and an anticipated drop in mortgage rates.

**Multiple Starts:** Following a ten year high in 1999, multiple construction has dropped substantially in the first half of 2000 as developers wait for the large supply of multiple-family units to be absorbed. While 2000 levels will finish well below 1999's stellar performance, CMHC expects multiple activity to pick up in the latter half of the year, as developers focus on condominium projects. Expect the demand for these types of projects to remain strong in 2001 as Manitoba's 55+ age group continues to grow.

**Resales:** MLS sales are expected to exceed last year's strong performance despite an ongoing shortage of new listings. Demand remains especially high in **Winnipeg** where

steady consumer confidence and a solid job market have resulted in certain neighbourhoods experiencing sellers' market conditions.

**Prices:** After a slight depreciation in 1999, the average resale price is forecast to increase 2.9 per cent this year due to an active move-up market and a quicker turnaround rate for home sales. Price increases will moderate in 2001.

## Spotlight on MIGRATION

### Stable net migration benefits housing starts

After many years of losing thousands of people to other provinces and countries, Manitoba attracted more residents than it lost in 1999. While this level of growth is expected to subside in 2000 and 2001, slightly negative, but stable, net migration levels will fuel demand for services and support housing starts throughout the province.

Manitoba's rental market will also benefit from this improving migratory balance since migrants typically enter the rental market prior to purchasing a home.



# Ontario

## Overview

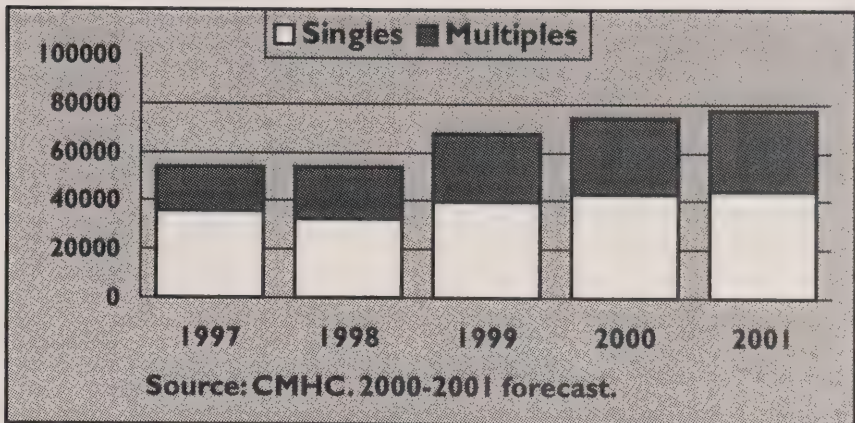
### Strike by concrete drivers delays construction.

New home starts numbers were exceptional until a strike by concrete drivers in the **Toronto** area held up construction in May. Apartment structures use cement extensively and proved the most susceptible to concrete shortages. Starts, especially of multiple family units, moved lower in the second quarter. With the strike now resolved, starts will bounce back.

Demand for housing will remain strong despite moderately higher interest rates than last year. Ontario's economy is chugging ahead, and the healthy pace of job creation will continue to attract job seekers from abroad and other parts of Canada.

Economic indicators paint a picture of strength. Manufactured goods order levels

## Ontario Starts



and shipments are rising. Consumers are confident and will be out shopping for cars and homes. Record low unemployment rates will be reached by next year.

Housing starts will jump by a tenth this year to the highest annual level in eleven years. The main reason is job-driven household formation in combination with tight resale home markets.

Home prices are on the rise for both resale and new homes. Healthy demand for housing has already boosted new home prices in all of Ontario's major centres except the **Sudbury-Thunder Bay** area. Next year, the **Sudbury-Thunder Bay** area will join the upward trend.

## In Detail

**Single Starts:** Single starts will rise by 9 per cent this year. This most popular, but also most expensive housing type, will appeal to baby boomers purchasing a home for the second or third time. Baby boomers have moved into their 40s — affluent years of established careers and asset accumulation.

**Multiple Starts:** Multiple starts will jump 12 per cent this year. Most construction will be in ownership homes. Multiple-family ownership homes gain popularity during periods of economic growth when rents and prices of existing homes head up. Town homes and condos are affordable alternatives to detached homes.

Higher rents and tighter vacancy rates will nudge rental apartment construction up. However, rental starts will still remain low by historical standards despite a growing young renter-aged population.

**Resales:** Strong job creation will keep demand high and resale markets tight. Sales are already high and will edge up only marginally, if at all.

Mortgage carrying costs will rise: mortgage rates are already higher than a couple of years ago, and home prices will head up.

**Prices:** Average resale prices will rise two to three times faster than the general rate of inflation this year. Newly listed homes are selling well and confirm predictions of higher home prices ahead. **Ottawa** will challenge **Toronto** and Toronto-area markets for the provincial hot spot. Southern Ontario strength will spread to the currently weaker northern areas.

## Spotlight on ONTARIO'S AGING POPULATION

**Over the next few years Ontario's over-forty population will expand the fastest. Who are they?**

**This segment of the population contains the highest household incomes, mostly owners in larger homes and persons less likely to have a mortgage. Buyers from this age group tend to know exactly what they want and are less willing to compromise on special features or pay more than they planned. They are least likely to buy resale and are least willing to rent a part of their home to help with payments.**



# Quebec

## Overview

### New construction holding steady.

Housing starts will rise in 2000 and 2001, but at a diminishing pace, reaching 26,400 units in 2000 and 26,600 units in 2001. Despite modest growth, starts will hit the highest level since 1994.

The economy will continue to prosper, growing by around 3 per cent in 2000 and 2001. This solid performance will translate into increased employment and a decrease in the unemployment rate, which will reach a historic low in 2001, at 7.9 per cent. These positive factors will raise the confidence of Quebec consumers.

## In Detail

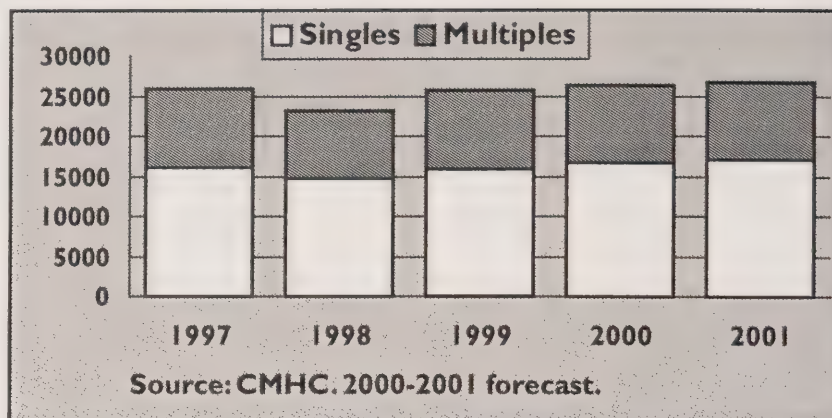
**Single Starts:** Single-detached starts will increase to 16,600 units in 2000 and 17,100 in 2001. Employment gains and resales will stimulate demand for new homes.

**Multiple Starts:** Multiple housing construction will decline in 2000 and 2001, to 9,700 and 9,500 units. The downturn will be mainly attributable to the semi-detached home segment. Semis tend to perform well in difficult times, whereas currently, households are looking to buy new single-detached homes. As well, existing homes are competing with semis for the attention of first-time-buyers.

**Resales:** Existing home sales will keep rising, but, just as for new homes, growth will moderate as the resale market starts running out of steam. Still, sales will attain new records and remain above the 50,000-unit level in 2000 and 2001.

**Prices:** The average price of existing homes will rise by 2.3 per cent in 2000 and 1.3 per cent in 2001. Modest price gains will reflect moderating sales growth in the resale market.

## Quebec Starts



With mortgage rates remaining relatively low, increasingly confident households will be inclined to spend on major purchases such as automobiles and homes. The result will be sustained demand for both new and existing homes.

## Spotlight on RENOVATION

Renovation spending is on the rise in Quebec, exceeding that of new construction. To understand the dynamics of this sector, the following are a few factors influencing the amounts spent\*:

- Households with incomes between \$30,000 and \$40,000 or between \$80,000 and \$100,000 are more likely to disburse large amounts. While those with incomes over \$100,000 can afford to undertake costly renovations, they also have expanded opportunities for purchasing another home.
- Renovations performed by owners of duplexes or triplexes are also costly. These types of dwellings generally are rather old, explaining the large amounts associated with renovation.
- Households aged 65 years or older and those with children aged from 10 to 19 years tend to spend less on renovation.
- Owners of homes built in the 1970s or early 1990s and households owning condominiums also spend less.

\* Source: *Analyse multivariée de la rénovation résidentielle au Québec*, Center for Interuniversity Research and Analysis on Organizations (CIRANO), Société d'habitation du Québec (SHQ), and Canada Mortgage and Housing Corporation (CMHC).



# New Brunswick

## Overview

### Jobs will bolster housing demand.

New Brunswick's robust economy and flourishing job market will finally see the unemployment rate move into single digit territory in 2000 and 2001. Another year of strong job growth will continue to fuel consumer confidence and bolster housing demand.

Two new energy-related projects scheduled to start this year will combine with continuing construction on the **Fredericton-Moncton** highway and at the Irving Oil refinery to lift employment. The lateral natural gas pipeline to **Saint John** started in the spring and a natural gas distribution network will break ground in the summer. Export growth, solid consumer spending, and record tourism revenues will further support the booming economy.

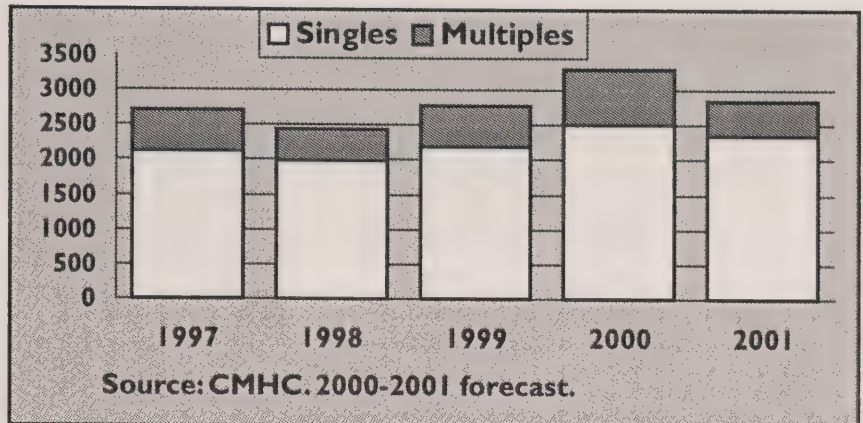
## In Detail

**Single Starts:** Significant job growth in 1999 has energized consumer confidence and will significantly bolster new home demand in 2000. With little selection in the existing home market, more homebuyers are turning to new homes. Single starts are expected to increase 14 per cent in 2000.

**Multiple Starts:** Multiple starts should increase sharply in 2000. High-end rental, row housing, and some condo activity will characterize new development. The bulk of construction will occur in **Fredericton** and **Moncton**. In 2001, multiple starts will retreat sharply as new supply satisfies consumer demand. Rental supply shortages in **Saint John** will open future development opportunities.

**Resales:** Existing home sales passed the 4,300-unit mark in 1999, but will decline marginally in 2000 and 2001. Despite such modest declines, real estate agents will remain active with sales forecast to stay above 4,000 units.

## New Brunswick Starts



Tightening resale markets in a growing economy boosted first quarter home starts to 298 units, the highest such rate since 1988. Total housing starts are expected to increase 19 per cent this year to 3,300 units but retreat marginally in 2001.

New rental development should accelerate in the **Moncton** and **Fredericton** markets this year in response to growing demand. Condo development is re-emerging in select markets, offering the move-down market and young professionals an alternative to high-end rental.

**Prices:** A limited number of listings and active move-up buyers will push prices to record highs in New Brunswick. The average price of existing homes is expected to exceed \$90,000. Price growth will be strongest in **Fredericton** and **Saint John** this year.

## Spotlight on MIGRATION

### Moncton captures influx of job seekers

Between 1993 and 1998, Moncton recorded a net gain of close to 4,000 residents while the province recorded a net loss of 7,000 residents. Strong job growth in the province's hub city has helped compensate for the high unemployment permeating northern New Brunswick.

The large influx of job seekers to Moncton has stimulated demand for all types of housing. Both the new and resale markets registered record performances in 1999. Increasing rental demand pushed the vacancy rate below 4 per cent and demand for condominiums is emerging.



# Nova Scotia

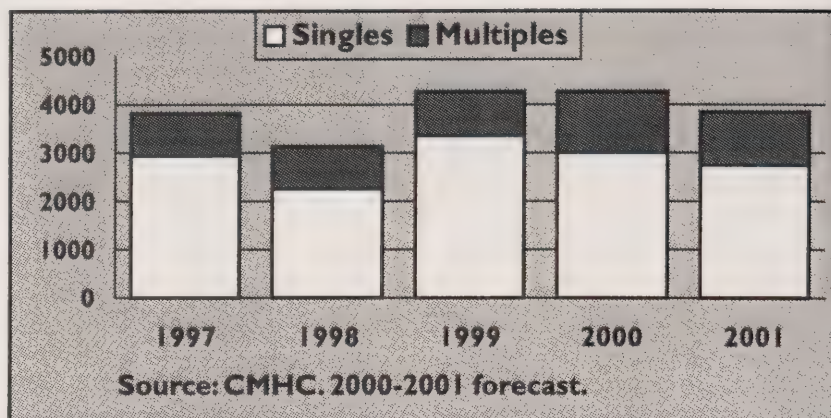
## Overview

### Slower economic growth to limit housing activity this year and next.

Now that Nova Scotia is a natural gas producer and the largest investment component of the Sable Gas project is completed, economic growth will slow from 1999 levels. Slower growth, combined with a less than favourable provincial fiscal situation and rising mortgage rates, will mean that, with the exception of the multi-family market, housing activity will retreat from 1999's heated pace.

New employment opportunities in the oil and gas industry and the service sector will offset the loss of Sable Gas and public-service-related jobs. The arrival of the Tall Ships in **Halifax** in July will ensure another banner year for tourism, while the arrival of two Post Panamax cranes in **Halifax** will ensure that the port continues to see its

## Nova Scotia Starts



share of container traffic.

Notwithstanding this relatively positive economic picture, housing markets will slow from 1999 levels. The exception will be the multiple-family market, where construction is forecast to increase by 38 per cent this year, the bulk of development activity coming in **Halifax**.

The news is less positive in the new and existing single-family markets this year. Resales will retreat from last year's record high, but remain strong by historical standards. Similarly, new single-family construction will ease, as much of the pent-up demand was satisfied last year.

## In Detail

**Single Starts:** A slow start in 2000 will not be overcome, as the pace of home building will continue to soften throughout the year. Lower affordability levels and weakening consumer confidence will keep many buyers off the market over the next 12 to 18 months. Despite the drop from 1999 levels, the pace of single-family development will remain strong by 1990's standards, as less price-sensitive move-up buyers continue to drive activity.

**Multiple Starts:** A strong rental market, combined with favourable mortgage rates early this year, will boost multiple starts significantly in 2000. Well-located rental and condominium units will command premium prices and attract the attention of a growing move-down market.

**Resales:** Although demand for existing homes will drop this year, a persistent shortage of listings will pose the greatest challenge for Nova Scotia realtors this year. Such limited supply will prompt potential

buyers to decide very quickly on the home of their choice, significantly cutting average selling time.

**Prices:** Despite slower activity in the ownership market, prices will continue to show solid growth this year and next. Reduced affordability will keep first-time buyers off the market this year, leaving move-up buyers to push new and resale prices to record highs. Average resale prices, which broke through \$100,000 last year, will top \$106,000 in 2000.

## Spotlight on CONDOMINIUMS

### Move-down buyers interested in condo living

Home-buyers in Nova Scotia have traditionally been reluctant to buy condominiums. However, rising rents for top-quality rental units are giving consumers reason to reconsider condos.

A record of more than 500 new and existing condos were sold last year in Halifax, capping steady growth since 1990. Condo sales will continue to increase. The 200-300 new condos forecast to be started in 2000 surpasses total activity during the past 5 years. Watch for continued strong performance in the condo market for the next few years.



# P.E.I.

## Overview

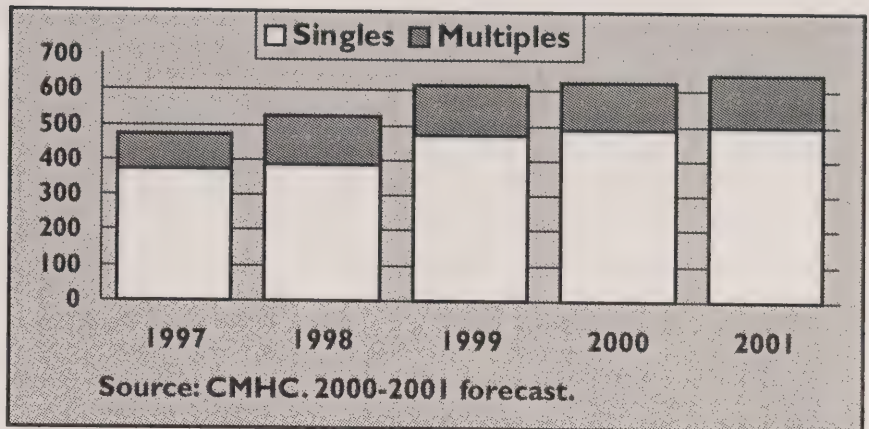
### Economic growth to remain strong.

The Island's economy continues to build momentum after a solid performance in 1999. Real Gross Domestic Product is expected to grow above 3 per cent again this year before slowing slightly in 2001.

Remarkable labour market conditions will continue to attract a relatively high number of people to the Island. Employment has already shown considerable vigour this year, thanks to new service sector jobs. Job creation is expected to exceed growth in the labour force, pushing the unemployment rate below 13 per cent in 2000 and 2001.

Traditional sectors such as tourism, fisheries, and agriculture are expected to do well. A solid gain in wholesale and retail trade is another major factor stimulating economic growth this year.

## P.E.I. Starts



The Island will also benefit from a broader economic base as the communications and aerospace sectors continue to expand. Exports may not rise as sharply as in 1999, but manufacturing shipments will certainly remain strong due to sustained U.S. demand and the low value of the Canadian dollar.

These positive signs will continue to boost consumer confidence and maintain the upward trend in residential construction. Look for a rise in total housing starts to 625 and 645 units in 2000 and 2001 respectively.

## In Detail

**Single Starts:** Single starts will increase over the next two years to 490 and 500 units respectively. Construction of single-detached dwellings is expected to rise across the Island, but mainly in rural areas, where the solid performance by traditional sectors over the last few years has greatly enhanced demand for new homes.

**Multiple Starts:** Strong multiple starts last year and lower vacancies have not persuaded developers to build more multiples. Look for rental construction to pick up in the second half of this year, but multiple starts will be unlikely to match last year's total.

**Resales:** Demand for existing homes remains strong, but a shortage of affordable houses for sale in the **Charlottetown** area will put an end to the upward trend in sales that began in 1995. Sales should drop to 1,100 units in 2000 and to 1,000 units in 2001.

**Prices:** A substantial decline in the average sales price in the **Summerside** area will not be enough to outweigh increasing prices in the larger **Charlottetown** market. For the province as a whole, look for modest price increases of around 1 per cent this year and next.

## Spotlight on RESALE MARKET

### Shortage of affordable homes for sale

Provincial sales of existing homes more than doubled over the last five years, jumping from 476 units in 1995 to a record high of 1,184 units last year. The drop in mortgage rates to a 30-year low over the last few years prompted many first-time buyers to purchase homes.

This impressive boom in sales of existing homes under \$80,000 has created a shortage of affordable listings, especially in the **Charlottetown** area. In the first five months of this year, the average list price in the City of **Charlottetown**, the capital region's largest market, had increased to over \$147,000, up 18.5 per cent from the same period in 1999.



# Newfoundland

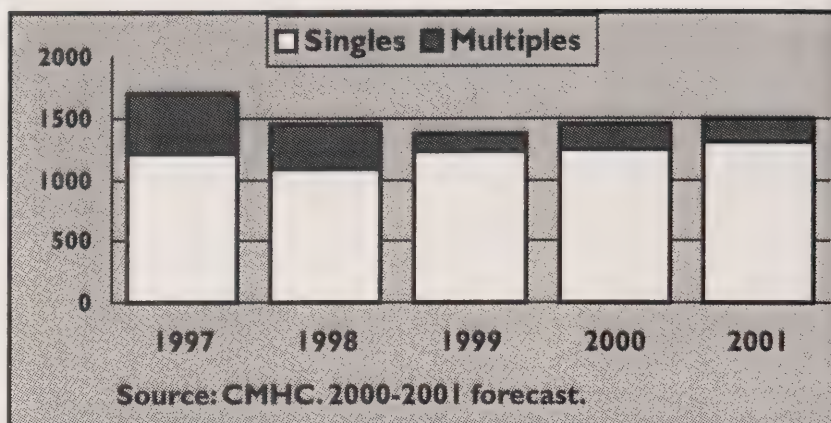
## Overview

**Housing demand continues to benefit from sustained economic expansion.**

Newfoundland will be among Canada's fastest-growing provinces this year. Next year should see even stronger output, making this province the only one expected to enjoy faster growth in 2001. Further expansion in the oil industry will underpin the sustained economic upturn, reflecting increased production at Hibernia and the first oil from the Terra Nova field, scheduled to flow early next year. Anticipated start-up of the White Rose oil development and stepped-up investment in exploration activity will sustain momentum in the oil industry. Tourism will also expand, bolstered by improved transportation links and promotional efforts.

Employment gains, coupled with healthy personal income growth, will fuel domestic demand, boosting retail trade and other service industries. Sustained economic and

## Newfoundland Starts



employment growth will moderate the outward flow of people from the province, helping to keep population losses modest in comparison to the decline that occurred over the past decade.

A broad-based increase in provincial housing demand is anticipated with all segments of the market forecast to improve. Activity should remain largely urban-based since adjustment pressures as a result of fisheries restructuring will continue to dampen rural housing demand.

The **St. John's** region, as the hub of oil development activity, will continue to dominate the provincial housing landscape over the next few years with all segments of its housing market poised to grow.

## In Detail

**Single Starts:** Spillover from a hot resale market, strong demand from an expanding pool of move-up buyers, and a steady stream of persons moving into the

**St. John's** region, will push single-detached starts to their best performance since 1996.

A combination of income growth and tax reductions will also stimulate demand for new homes this year and next.

**Multiple Starts:** Multiple starts should see steady growth this year and next. Despite recent improvements, provincial rental markets have not yet recovered sufficiently to stimulate any significant rebound in rental construction. Conversion of excess rental units to condominiums will continue to dampen condominium starts over the short term. Nevertheless, condominium starts will rebound as the supply of recently converted rental units tapers off. An expanding seniors market will generate multiple starts both in the form of rental apartments and condominiums, while ongoing demand for affordably priced housing will prompt modest invest-

ment in semi-detached and row units.

**Resales:** MLS sales, which will increase for the fifth consecutive record year in 2000, will again set a record. Employment and income gains, increased move-up demand, and positive migration to the **St. John's** region will underpin these advances.

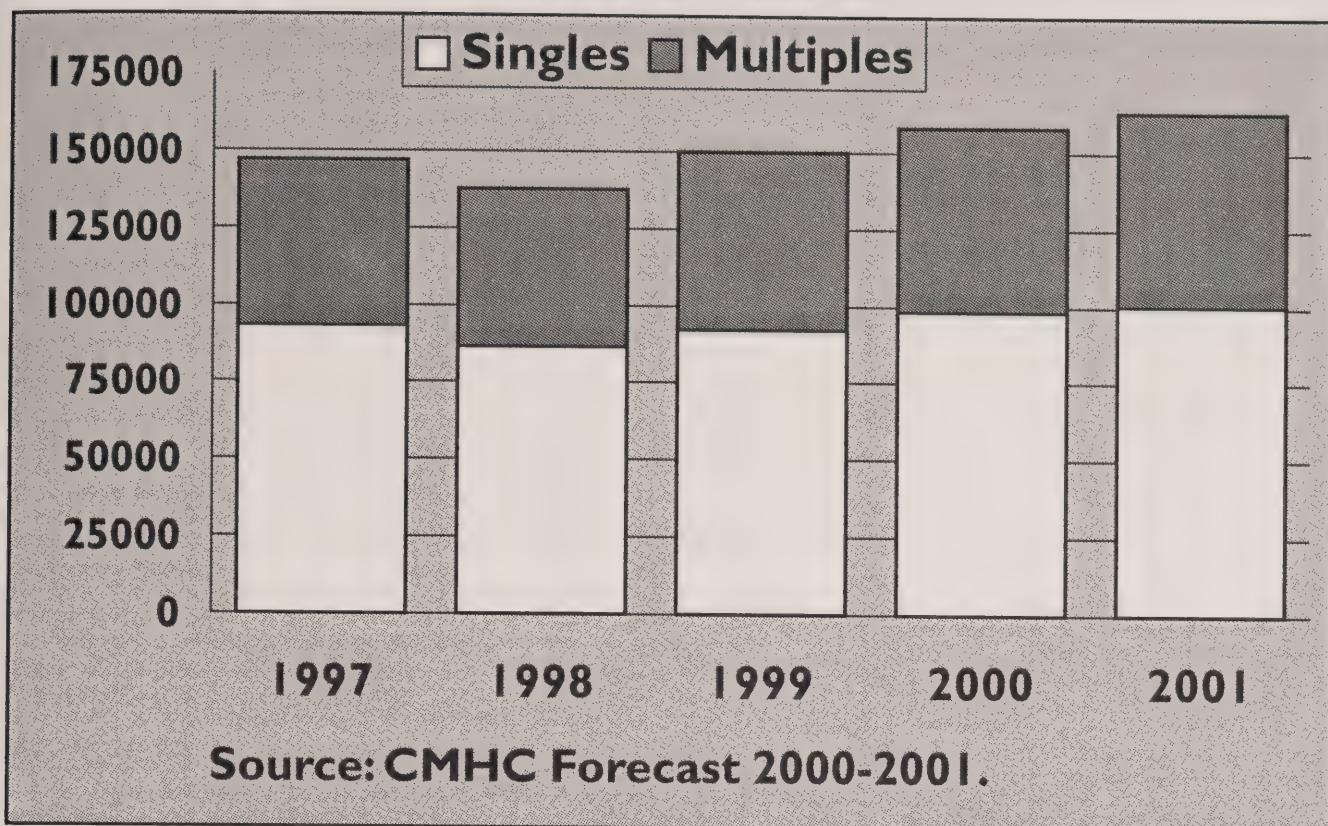
**Prices:** Strong demand, coupled with reduced supplies and more sales of higher-priced homes, will push Newfoundland's average MLS price to record levels this year and next.

## Spotlight on ST. JOHN'S STARTS

The **St. John's** region has reaped significant benefits in recent years from its position as the hub of Newfoundland's oil development. As a result, **St. John's** has played an increasingly dominant role in the residential construction industry. Its share of provincial housing starts steadily increased throughout the 1990s, peaking at almost 60 per cent last year. Even more pronounced is its share of multiple-unit construction — 86 per cent in 1999. Given the outlook for only a gradual recovery in fish stocks, coupled with a sustained economic upturn in the **St. John's** region, this market is likely to remain dominant over the short to medium term.



# Canada Starts



## Total Housing Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	1712	2034	1696	1450	1371	1525	1575
%	-23.7	18.8	-16.6	-14.5	-5.4	11.2	3.3
<b>PEI</b>	422	554	470	524	616	625	645
%	-36.9	31.3	-15.2	11.5	17.6	1.5	3.2
<b>NS</b>	4168	4059	3813	3137	4250	4250	3850
%	-12.2	-2.6	-6.1	-17.7	35.5	0.0	-9.4
<b>NB</b>	2300	2722	2702	2447	2776	3300	2850
%	-28.2	18.3	-0.7	-9.4	13.4	18.9	-13.6
<b>QUE</b>	21885	23220	25896	23138	25742	26360	26615
%	-35.9	6.1	11.5	-10.7	11.3	2.4	1.0
<b>ONT</b>	35818	43062	54072	53830	67235	74000	77000
%	-23.2	20.2	25.6	-0.4	24.9	10.1	4.1
<b>MAN</b>	1963	2318	2612	2895	3133	2684	2745
%	-38.6	18.1	12.7	10.8	8.2	-14.3	2.3
<b>SASK</b>	1702	2438	2757	2965	3089	2950	3000
%	-18.9	43.2	13.1	7.5	4.2	-4.5	1.7
<b>ALTA</b>	13906	16665	23671	27122	25447	26100	26150
%	-21.4	19.8	42.0	14.6	-6.2	2.6	0.2
<b>BC</b>	27057	27641	29351	19931	16309	16500	19000
%	-31.3	2.2	6.2	-32.1	-18.2	1.2	15.2
<b>CAN</b>	110933	124713	147040	137439	149968	*158300	*163400
%	-28.0	12.4	17.9	-6.5	9.1	5.6	3.2

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	<b>1165</b>	<b>1395</b>	<b>1220</b>	<b>1086</b>	<b>1233</b>	<b>1375</b>	<b>1400</b>
%	-19.9	19.7	-12.5	-11.0	13.5	11.5	1.8
<b>PEI</b>	<b>364</b>	<b>430</b>	<b>374</b>	<b>387</b>	<b>472</b>	<b>490</b>	<b>500</b>
%	-19.8	18.1	-13.0	3.5	22.0	3.8	2.0
<b>NS</b>	<b>3040</b>	<b>3278</b>	<b>2939</b>	<b>2257</b>	<b>3345</b>	<b>3000</b>	<b>2750</b>
%	-9.5	7.8	-10.3	-23.2	48.2	-10.3	-8.3
<b>NB</b>	<b>1722</b>	<b>2173</b>	<b>2125</b>	<b>1989</b>	<b>2201</b>	<b>2500</b>	<b>2350</b>
%	-32.4	26.2	-2.2	-6.4	10.7	13.6	-6.0
<b>QUE</b>	<b>13428</b>	<b>14818</b>	<b>16073</b>	<b>14685</b>	<b>15798</b>	<b>16620</b>	<b>17070</b>
%	-27.1	10.4	8.5	-8.6	7.6	5.2	2.7
<b>ONT</b>	<b>20124</b>	<b>27019</b>	<b>35401</b>	<b>32737</b>	<b>39421</b>	<b>43000</b>	<b>44000</b>
%	-33.0	34.3	31.0	-7.5	20.4	9.1	2.3
<b>MAN</b>	<b>1564</b>	<b>1875</b>	<b>2019</b>	<b>2368</b>	<b>2231</b>	<b>2234</b>	<b>2250</b>
%	-35.9	19.9	7.7	17.3	-5.8	0.1	0.7
<b>SASK</b>	<b>1341</b>	<b>1612</b>	<b>1954</b>	<b>2154</b>	<b>2070</b>	<b>2000</b>	<b>2000</b>
%	-13.0	20.2	21.2	10.2	-3.9	-3.4	0.0
<b>ALTA</b>	<b>10096</b>	<b>12949</b>	<b>18170</b>	<b>20077</b>	<b>16688</b>	<b>17950</b>	<b>18300</b>
%	-20.3	28.3	40.3	10.5	-16.9	7.6	1.9
<b>BC</b>	<b>11581</b>	<b>12447</b>	<b>12911</b>	<b>8691</b>	<b>8731</b>	<b>9000</b>	<b>9500</b>
%	-30.2	7.5	3.7	-32.7	0.5	3.1	5.6
<b>CAN</b>	<b>64425</b>	<b>77996</b>	<b>93186</b>	<b>86431</b>	<b>92190</b>	<b>*98200</b>	<b>*100100</b>
%	-28.0	21.1	19.5	-7.2	6.7	6.5	1.9

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	<b>547</b>	<b>639</b>	<b>476</b>	<b>364</b>	<b>138</b>	<b>150</b>	<b>175</b>
%	-30.6	16.8	-25.5	-23.5	-62.1	8.7	16.7
<b>PEI</b>	<b>58</b>	<b>124</b>	<b>96</b>	<b>137</b>	<b>144</b>	<b>135</b>	<b>145</b>
%	-73.0	113.8	-22.6	42.7	5.1	-6.3	7.4
<b>NS</b>	<b>1128</b>	<b>781</b>	<b>874</b>	<b>880</b>	<b>905</b>	<b>1250</b>	<b>1100</b>
%	-18.8	-30.8	11.9	0.7	2.8	38.1	-12.0
<b>NB</b>	<b>578</b>	<b>549</b>	<b>577</b>	<b>458</b>	<b>575</b>	<b>800</b>	<b>500</b>
%	-11.9	-5.0	5.1	-20.6	25.5	39.1	-37.5
<b>QUE</b>	<b>8457</b>	<b>8402</b>	<b>9823</b>	<b>8453</b>	<b>9944</b>	<b>9740</b>	<b>9545</b>
%	-46.3	-0.7	16.9	-13.9	17.6	-2.1	-2.0
<b>ONT</b>	<b>15694</b>	<b>16043</b>	<b>18671</b>	<b>21093</b>	<b>27814</b>	<b>31000</b>	<b>33000</b>
%	-5.5	2.2	16.4	13.0	31.9	11.5	6.5
<b>MAN</b>	<b>399</b>	<b>443</b>	<b>593</b>	<b>527</b>	<b>902</b>	<b>450</b>	<b>495</b>
%	-47.2	11.0	33.9	-11.1	71.2	-50.1	10.0
<b>SASK</b>	<b>361</b>	<b>826</b>	<b>803</b>	<b>811</b>	<b>1019</b>	<b>950</b>	<b>1000</b>
%	-35.1	128.8	-2.8	1.0	25.6	-6.8	5.3
<b>ALTA</b>	<b>3810</b>	<b>3716</b>	<b>5501</b>	<b>7045</b>	<b>8759</b>	<b>8150</b>	<b>7850</b>
%	-24.1	-2.5	48.0	28.1	24.3	-7.0	-3.7
<b>BC</b>	<b>15476</b>	<b>15194</b>	<b>16440</b>	<b>11240</b>	<b>7578</b>	<b>7500</b>	<b>9500</b>
%	-32.2	-1.8	8.2	-31.6	-32.6	-1.0	26.7
<b>CAN</b>	<b>46508</b>	<b>46717</b>	<b>53854</b>	<b>51008</b>	<b>57778</b>	<b>*60100</b>	<b>*63300</b>
%	-27.9	0.4	15.3	-5.3	13.3	4.0	5.3

Source: CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type

		1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NF	Semi-detached	72	141	158	163	50	30	50
	Row	40	40	18	20	9	20	50
	Apartment	435	458	300	181	79	100	75
	Total	547	639	476	364	138	150	175
PEI	Semi-detached	20	10	12	28	32	30	35
	Row	18	68	43	10	31	30	25
	Apartment	20	46	41	99	81	75	85
	Total	58	124	96	137	144	135	145
NS	Semi-detached	417	447	303	290	218	175	200
	Row	72	59	58	89	29	30	25
	Apartment	639	275	513	501	658	1045	875
	Total	1128	781	874	880	905	1250	1100
NB	Semi-detached	127	138	106	106	134	150	120
	Row	51	92	132	89	94	110	80
	Apartment	400	319	339	263	347	540	300
	Total	578	549	577	458	575	800	500
QC	Semi-detached	2264	2384	2767	1930	1586	1085	845
	Row	1046	1094	1433	1074	1184	1310	1210
	Apartment	5147	4924	5623	5449	7174	7345	7490
	Total	8457	8402	9823	8453	9944	9740	9545
ON	Semi-detached	2306	3348	4299	4575	6445	8000	8300
	Row	6175	8124	9964	10073	10425	10700	11400
	Apartment	7213	4571	4408	6445	10944	12300	13300
	Total	15694	16043	18671	21093	27814	31000	33000
MAN	Semi-detached	45	126	143	131	90	100	95
	Row	121	113	96	81	151	125	100
	Apartment	233	204	354	315	661	225	300
	Total	399	443	593	527	902	450	495
SK	Semi-detached	86	134	160	174	155	150	200
	Row	60	193	352	222	104	200	200
	Apartment	215	499	291	415	760	600	600
	Total	361	826	803	811	1019	950	1000
ALB	Semi-detached	592	1049	1458	1428	1570	1300	1375
	Row	1340	1203	1691	1512	1424	1050	1100
	Apartment	1878	1464	2352	4105	5765	5800	5375
	Total	3810	3716	5501	7045	8759	8150	7850
B.C.	Semi-detached	1607	1528	1979	1218	816	900	1300
	Row	2964	3364	3469	2117	1444	1500	2100
	Apartment	10905	10302	10992	7905	5318	5100	6100
	Total	15476	15194	16440	11240	7578	7500	9500
CAN	Semi-detached	7536	9305	11385	10043	11096	*11900	*12500
	Row	11887	14350	17256	15287	14895	*15100	*16300
	Apartment	27085	23062	25213	25678	31787	*33100	*34500
	Total	46508	46717	53854	51008	57778	*60100	*63300

Source: CMHC Forecast 2000-2001.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/Co-op		Total Rental	Condo	Other*	Total 10,000+		
		Private	Assisted						
NFLD	1999	6	0	6	0	117	123	15	138
	2000	50	0	50	40	50	140	10	150
	2001	50	0	50	40	75	165	10	175
PEI	1999	94	0	94	0	30	124	20	144
	2000	75	0	75	0	35	110	25	135
	2001	85	0	85	0	35	120	25	145
NS	1999	571	0	571	0	164	735	170	905
	2000	655	0	655	250	200	1105	145	1250
	2001	615	0	615	150	225	990	110	1100
NB	1999	284	0	284	58	185	527	48	575
	2000	565	0	565	75	125	765	35	800
	2001	270	0	270	50	140	460	40	500
QUE	1999	3444	0	3444	3456	1838	8738	1206	9944
	2000	3550	0	3550	3560	1895	9005	735	9740
	2001	3460	0	3460	3470	1845	8775	770	9545
ONT	1999	1313	0	1313	13184	13190	27687	127	27814
	2000	3600	0	3600	12850	14300	30750	250	31000
	2001	4000	0	4000	13200	15500	32700	300	33000
MAN	1999	455	0	455	301	8	764	138	902
	2000	115	0	115	265	10	390	60	450
	2001	125	0	125	285	0	410	85	495
SASK	1999	80	0	80	633	121	834	185	1019
	2000	50	0	50	720	100	870	80	950
	2001	75	0	75	750	100	925	75	1000
ALTA	1999	1264	0	1264	5439	748	7451	1308	8759
	2000	850	0	850	5400	700	6950	1200	8150
	2001	800	0	800	5175	700	6675	1175	7850
BC	1999	1038	537	1575	5034	692	7301	277	7578
	2000	1000	800	1800	4800	600	7200	300	7500
	2001	1200	800	2000	6100	900	9000	500	9500
CAN	1999	8549	537	9086	28105	17093	54284	3494	57778
	2000	10510	800	11310	27960	18015	57285	2840	**60100
	2001	10680	800	11480	29220	19520	60220	3090	**63300

Source: CMHC Forecast 2000-2001.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

### MLS Total Residential Sales (units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	1655	2005	2170	2288	2437	2550	2550
%	-11.6	21.1	8.2	5.4	6.5	4.6	0.0
<b>PEI</b>	476	750	806	1125	1184	1100	1000
%	-20.5	57.6	7.5	39.6	5.2	-7.1	-9.1
<b>NS</b>	7019	8372	7567	8052	8827	8200	7900
%	-1.7	19.3	-9.6	6.4	9.6	-7.1	-3.7
<b>NB</b>	3496	4023	3941	4080	4376	4200	4000
%	4.7	15.1	-2.0	3.5	7.3	-4.0	-4.8
<b>QUE</b>	29776	39135	43463	45192	49792	51025	51550
%	-11.2	31.4	11.1	4.0	10.2	2.5	1.0
<b>ONT</b>	104993	137921	140608	138463	148660	151000	155000
%	-8.8	31.4	1.9	-1.5	7.4	1.6	2.6
<b>MAN</b>	9749	10965	11180	10762	11111	11200	11250
%	-9.9	12.5	2.0	-3.7	3.2	0.8	0.4
<b>SASK</b>	7349	8689	8346	8068	8053	7600	7500
%	-1.5	18.2	-3.9	-3.3	-0.2	-5.6	-1.3
<b>ALTA</b>	29098	37485	43693	43383	42684	43800	44300
%	-10.5	28.8	16.6	-0.7	-1.6	2.6	1.1
<b>BC</b>	58082	72182	68182	52910	58084	53000	58000
%	-22.8	24.3	-5.5	-22.4	9.8	-8.8	9.4
<b>CAN</b>	251693	321527	329956	314323	335208	*333700	*343100
%	-12.5	27.7	2.6	-4.7	6.6	-0.4	2.8

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.

### MLS Average Residential Price (dollars and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
<b>NFLD</b>	89525	93661	92226	91514	94359	97500	99000
%	-2.4	4.6	-1.5	-0.8	3.1	3.3	1.5
<b>PEI</b>	73803	83922	86403	79577	82139	83000	84000
%	-6.3	13.7	3.0	-7.9	3.2	1.0	1.2
<b>NS</b>	89788	93444	96693	97015	102628	106000	108000
%	-1.4	4.1	3.5	0.3	5.8	3.3	1.9
<b>NB</b>	83993	84198	87204	86648	88072	91000	92000
%	-0.2	0.2	3.6	-0.6	1.6	3.3	1.1
<b>QUE</b>	98685	98435	101715	103947	107501	109920	111320
%	-3.4	-0.3	3.3	2.2	3.4	2.3	1.3
<b>ONT</b>	154606	155662	164382	167115	174048	185000	193000
%	-3.5	0.7	5.6	1.7	4.1	6.3	4.3
<b>MAN</b>	81897	85318	85404	86419	84525	87000	88000
%	-2.2	4.2	0.1	1.2	-2.2	2.9	1.1
<b>SASK</b>	73796	77478	83978	87577	91396	95500	99500
%	1.5	5.0	8.4	4.3	4.4	4.5	4.2
<b>ALTA</b>	114772	117673	124865	132905	139621	145500	150600
%	-2.2	2.5	6.1	6.4	5.1	4.2	3.5
<b>BC</b>	221860	218687	220512	212045	215283	221750	225000
%	-3.3	-1.4	0.8	-3.8	1.5	3.0	1.5
<b>CAN</b>	150360	150837	154644	152366	158064	*164700	*171000
%	-5.0	0.3	2.5	-1.5	3.7	4.2	3.8

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2000-2001.

(F) Forecast.

\* Total does not add due to rounding.



### Employment (annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1.1	-3.7	1.2	2.6	5.5	2.0	1.5
PEI	3.3	2.9	0.5	1.9	1.5	2.5	1.5
NS	1.0	0.2	1.6	3.8	2.4	1.2	1.0
NB	3.2	-1.2	1.5	2.3	3.3	1.5	1.0
QUE	1.5	-0.1	1.6	2.7	2.3	2.4	1.8
ONT	1.8	1.0	2.6	3.3	3.6	3.4	3.2
MAN	1.9	-0.1	1.3	1.9	1.3	1.6	1.4
SASK	0.8	-0.4	2.7	1.3	0.8	1.0	1.0
ALTA	2.8	2.9	3.5	3.9	2.5	2.9	2.5
BC	2.2	1.6	2.6	0.1	1.9	1.7	1.9
CAN	1.9	0.8	2.3	2.7	2.8	2.6	2.3

Source: Statistics Canada, CMHC Forecast 2000-2001.  
(F) Forecast.

### Unemployment Rate (per cent)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	18.0	19.3	18.6	18.0	16.9	16.4	16.2
PEI	15.0	14.8	15.4	13.9	14.4	12.5	12.4
NS	12.1	12.3	12.1	10.5	9.6	9.4	9.7
NB	11.2	11.6	12.7	12.2	10.2	9.7	9.3
QUE	11.4	11.9	11.4	10.3	9.3	8.4	7.9
ONT	8.7	9.0	8.4	7.2	6.3	5.3	5.0
MAN	7.2	7.2	6.5	5.5	5.6	5.3	5.2
SASK	6.6	6.6	5.9	5.8	6.1	5.5	5.3
ALTA	7.8	6.9	5.8	5.6	5.7	5.1	5.1
BC	8.4	8.7	8.4	8.8	8.3	7.9	8.0
CAN	9.4	9.6	9.1	8.3	7.6	6.8	6.5

Source: Statistics Canada, CMHC Forecast 2000-2001.  
(F) Forecast.

## Real Gross Domestic Product (annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	2.19	-3.30	1.47	6.21	5.30	5.00	5.50
PEI	5.50	1.45	0.49	0.97	3.00	3.20	2.50
NS	1.76	0.13	2.81	2.88	3.50	2.30	2.20
NB	2.92	1.65	0.70	2.30	3.70	3.00	1.80
QUE	1.87	1.44	3.35	2.58	3.50	3.30	2.70
ONT	3.72	1.57	4.37	4.31	5.40	5.00	4.60
MAN	0.58	2.14	3.71	3.29	2.20	2.50	2.50
SASK	1.40	2.54	5.05	1.30	2.00	2.50	2.50
ALTA	3.00	2.16	7.31	3.23	2.50	4.30	3.60
BC	2.16	2.54	1.72	0.24	1.60	2.20	1.60
CAN	2.77	1.68	3.99	3.11	3.89	3.95	3.49

Source: Statistics Canada, CMHC Estimate 1999, CMHC Forecast 2000-2001.  
(E) Estimate. (F) Forecast.

## Total Net Migration\* (persons)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	-6886	-7934	-8410	-7753	-2148	-2500	-2400
PEI	558	595	-232	49	926	500	450
NS	1257	1599	532	307	3123	2200	2000
NB	-844	-620	-1220	-2163	1350	1000	750
QUE	18279	5422	-2247	-210	4324	2502	2134
ONT	93096	84158	93348	70502	96648	110500	116300
MAN	-1216	-1476	-4174	-1355	1846	-1150	-1150
SASK	-1595	-588	-1469	500	-4541	-2800	-1800
ALTA	15582	24722	40644	48849	22961	16000	10000
BC	69005	67505	44631	7355	20418	39000	44000
CAN**	187236	173383	161403	116081	144907	165252	170284

Source: Statistics Canada, CMHC Forecast 2000-2001.  
(F) Forecast.

\* Sum of interprovincial migration, international migration, and non-permanent residents.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, structures of 3 units +
Victoria	1998	964	520	-5.6	4603	246014		3.8
	1999	1340	531	-5.0	4670	246000		3.6
	2000(F)	1010	550	-3.5	4630	251000		3.2
Vancouver	1998	11878	3373	-5.0	19041	357029		2.7
	1999	8677	3568	-4.0	22400	352800		2.7
	2000(F)	9000	4000	-2.5	21219	370000		2.6
Edmonton	1998	5947	4080	3.4	13726	128290	A	1.9
	1999	6489	4075	2.0	13594	133442	A	2.2
	2000(F)	6800	4450	2.5	14150	141000	A	2.0
Calgary	1998	12495	9219	7.6	20554	167422		0.6
	1999	10600	6613	4.7	20197	175500		2.8
	2000(F)	9700	7000	3.5	20200	182300		2.3
Saskatoon	1998	1137	692	2.2	2993	103156	A	0.8
	1999	1273	724	1.5	3100	108000	A	0.9
	2000(F)	1250	750	1.5	3200	112000	A	1.0
Regina	1998	537	468	4.2	2868	85029	A	1.7
	1999	573	403	3.5	2700	90000	A	1.4
	2000(F)	600	460	3.5	2800	91500	A	1.5
Winnipeg	1998	1575	1190	0.8	9748	86838	A	4.0
	1999	1576	1204	1.6	9600	88400	A	3.0
	2000(F)	1550	1200	2.0	9700	90100	A	2.8
Thunder Bay	1998	224	161	-2.3	1311	110099	A	9.3
	1999	232	192	-1.0	1301	112316	A	7.5
	2000(F)	297	180	-0.5	1340	114000	A	6.5
Sudbury	1998	165	161	-2.3	1693	109621	A	9.4
	1999	199	131	-1.0	1744	105093	A	11.1
	2000(F)	160	150	-0.5	1580	106400	A	12.0
Windsor	1998	1938	1355	0.3	5016	130523		4.3
	1999	2387	1761	0.6	5077	134490		2.7
	2000(F)	2549	1835	1.5	5075	136500		2.5
London	1998	2027	1309	0.4	6416	129706		4.5
	1999	1773	1344	0.9	6720	131899		3.5
	2000(F)	2085	1350	2.4	6600	134750		3.0
Kitchener	1998	2549	1759	2.1	4365	143104	A	1.5
	1999	2821	2002	1.9	4695	146495	A	1.0
	2000(F)	3500	2330	4.0	4650	157000	A	0.9
St. Catharines-Niagara	1998	1319	996	3.1	5464	120760		4.6
	1999	1485	1026	2.5	5547	125145		3.2
	2000(F)	1500	1075	4.6	5725	130350		2.9
Hamilton	1998	3627	1736	3.2	10017	153628	A	3.2
	1999	3923	1906	1.1	10543	158164	A	1.9
	2000(F)	3550	1825	3.2	10800	162750	A	1.7
Toronto	1998	25910	12696	3.2	55344	216814	A	0.8
	1999	34904	15535	1.8	58957	228372	A	0.9
	2000(F)	37500	17000	3.6	58000	245000	A	1.0

## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate Structures of 3 units +
Oshawa	1998	1759	1400	n.a.	4237	150994		2.0
	1999	2463	2150	n.a.	4454	155994		1.7
	2000(F)	2700	2300	n.a.	4600	163000		1.5
Ottawa	1998	3615	2248	0.7	9552	143913	C	2.1
	1999	4447	2837	2.6	11334	149626	C	0.7
	2000(F)	5610	3405	3.3	13030	158680	C	0.9
Hull	1998	1244	687	n.a.	2306	95514	S	6.7
	1999	1185	640	n.a.	2630	95875	S	4.4
	2000(F)	1210	670	n.a.	2855	97450	S	3.6
Montréal	1998	10293	5657	0.4	25254	122442	A	4.7
	1999	12366	6522	2.1	27935	125671	A	3.0
	2000(F)	13000	7000	3.0	29200	130000	A	2.5
Trois-Rivières	1998	599	233	n.a.	757	77400		8.5
	1999	380	205	n.a.	887	74300		7.9
	2000(F)	440	200	n.a.	835	75500		7.8
Sherbrooke	1998	590	329	n.a.	1044	91400	A	7.3
	1999	645	305	n.a.	1029	88900	A	7.6
	2000(F)	700	350	n.a.	1100	92000	A	7.3
Québec	1998	1845	1108	0.6	5112	85836		5.2
	1999	1814	1165	1.7	5640	87384		3.3
	2000(F)	2400	1349	2.5	5700	89600		2.8
Chicoutimi-Jonquière	1998	502	331	n.a.	652	79363	T	4.8
	1999	305	243	n.a.	768	81389	S	4.9
	2000(F)	430	265	n.a.	810	84200	S	5.3
Saint John	1998	278	216	-2.3	1353	87087	A	7.3
	1999	296	255	0.4	1530	88836	A	5.2
	2000(F)	385	325	2.0	1550	91600	A	4.8
Halifax	1998	1739	1125	0.8	5129	114024	A	5.5
	1999	2356	1669	3.2	5853	118522	A	3.6
	2000(F)	2550	1550	2.5	5400	120000	A	4.5
St. John's	1998	741	475	-1.3	2131	92560	A	15.4
	1999	807	688	0.3	2298	95500	A	9.2
	2000(F)	900	775	2.9	2425	98500	A	7.5
Charlottetown	1998	247	154	n.a.	534	93968	A	6.1
	1999	321	228	n.a.	494	96760	A	5.0
	2000(F)	330	235	n.a.	450	100000	A	4.8
ALL METRO AREAS	1998	95744	53678	0.9	221220			3.4
	1999	105637	57922	0.9	235697			2.6
	2000(F)	111856	62579	2.1	237624			2.4

## Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

T: Data from Teela

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2000.

n.a.: data not available



**Major Housing Indicators**  
**Seasonally Adjusted Annual Rates**  
**(levels and quarterly per cent change)**

	98:Q3	98:Q4	99:Q1	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2
<b>New housing</b>								
Building permits, units, thousands	147.1	148.3	157.4	153.2	158.3	168.6	167.7	142.1
%	-0.1	0.8	6.2	-2.7	3.4	6.5	-0.5	-12.1
Housing starts, total, thousands	131.8	136.9	146.2	147.0	148.2	157.0	162.7	90.1
%	-3.4	3.9	6.8	0.5	0.8	5.9	3.6	-11.1
Housing starts, singles, thousands	82.7	86.9	87.0	91.7	93.0	95.8	101.9	51.1
%	-4.1	5.1	0.1	5.4	1.4	3.0	6.4	-15.1
Housing starts, multiples, thousands	49.1	50.0	59.2	55.3	55.2	61.2	60.8	39.0
%	-2.4	1.8	18.4	-6.6	-0.2	10.9	-0.7	-16.1
Housing completions, total, thousands	129.2	130.5	149.3	128.7	140.3	146.7	153.6	101.1
%	-5.4	1.0	14.4	-13.8	9.0	4.6	4.7	-10.1
New house price index, 1992=100	100.2	100.2	100.3	100.6	101.1	101.8	102.3	101.1
%	0.2	0.0	0.1	0.3	0.5	0.7	0.5	0.1
<b>Existing housing</b>								
MLS resales, units, thousands	322.9	309.5	318.7	352.5	346.3	323.4	342.4	342.4
%	0.1	-4.2	3.0	10.6	-1.8	-6.6	5.9	0.0
MLS average resale price, \$C thousands	151.0	153.8	154.7	157.4	158.9	161.2	162.2	162.2
%	-0.4	1.8	0.6	1.7	0.9	1.5	0.6	0.0
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	392.4	398.7	401.3	406.4	411.2	412.9	418.9	418.9
%	1.6	1.6	0.7	1.3	1.2	0.4	1.5	0.0
Mortgage approvals, \$C billions	75.3	71.2	79.4	87.4	79.8	66.8	..	..
%	3.1	-5.4	11.5	10.1	-8.7	-16.2	..	..
1-year mortgage rate, per cent*	6.68	6.37	6.42	6.45	6.97	7.35	7.63	8.00
5-year mortgage rate, per cent*	7.08	6.83	6.92	7.32	7.75	8.25	8.48	8.50
<b>Residential investment**</b>								
Total, \$1992 billions	40.9	41.1	42.8	44.0	44.5	45.8	46.8	46.8
%	-2.6	0.6	4.0	2.8	1.2	2.8	2.4	0.0
New, \$1992 billions	20.0	20.4	21.4	21.8	22.4	23.5	23.7	23.7
%	-4.6	2.2	4.7	2.0	2.5	5.0	0.8	0.0
Alterations, \$1992 billions	13.4	13.6	14.2	14.4	14.2	14.8	15.5	15.5
%	-1.7	1.0	4.5	1.5	-1.4	4.7	4.5	0.0
Transfer costs, \$1992 billions	7.5	7.1	7.2	7.8	7.9	7.4	7.7	7.7
%	1.5	-4.3	1.2	7.6	2.1	-6.4	3.1	0.0
Deflator, 1992=100	108.6	109.9	110.8	112.0	111.7	112.5	114.0	114.0
%	0.1	1.2	0.9	1.1	-0.3	0.7	1.4	0.0

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.



# MHC HOUSING

## OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

### Gains continue in 2001 and 2002

#### Overview

#### Starts:

**2001: +4.4 %**

**2002: +3.7 %**

#### Resales:

**2001: +2.4 %**

**2002: +0.4 %**

**Starts:** Look for starts to keep rising this year and next. Gains will be tied to job and income growth, rising migration, lower mortgage rates, and stronger house prices. These positives will outweigh the negative effect of a slower but still healthy economy.

**Resales:** Despite scarce listings in many markets, sales of existing homes will hit record levels, posting solid growth this year and up marginally in 2002.

**Prices:** Look for resale price growth to remain strong this year. Gains will moderate in 2002, but remain above the rate of inflation.

Details on page three.

### First Quarter, 2001

<b>3</b>	<b>NATIONAL OUTLOOK</b>
<b>4</b>	<b>TRENDS IMPACTING HOUSING</b>
<b>6</b>	<b>RENTAL MARKET: OPPORTUNITIES ON THE HORIZON</b>
<b>9</b>	<b>PROVINCIAL REPORTS</b>
<b>9</b>	British Columbia
<b>10</b>	Alberta
<b>11</b>	Saskatchewan
<b>12</b>	Manitoba
<b>13</b>	Ontario
<b>14</b>	Quebec
<b>15</b>	New Brunswick
<b>16</b>	Nova Scotia
<b>17</b>	Prince Edward Island
<b>18</b>	Newfoundland
<b>19</b>	<b>FORECAST TABLES</b>

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.

### The Nation's HOT SPOTS

**Ontario:** Look for job growth and migration to continue pushing starts up in the next two years, though at a diminishing pace (See Page 13).

**Alberta:** Thanks to one of the fastest growing provincial economies, construction will remain at levels not seen since the early 1980s (See Page 10).

**Saskatchewan:** A tight resale market and rebounding multiple starts are major reasons for the jump in starts forecast this year (See Page 11).

**Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact Ginette Godward at (613) 748-2006 to get your copy sent to you by e-mail.**





## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2006, fax: 613 748-4069

To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST

Single issue \$40 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)>

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2001 Canada Mortgage and Housing Corporation

All rights reserved.

ISSN 1488-6537

Product # 61500-2001-Q01

#### Upcoming PDF Release Dates

**Second Quarter 2001 — April 17**

**Third Quarter — July 17**

**Fourth Quarter — October 17**

# National Housing Outlook

## In Detail

### Multiples outpace singles

Although construction of all types of homes will rise this year and next, look for multiple starts to increase more rapidly than singles. Apartments will account for about half the rise in multiple starts. Semi-detached units will lead growth this year, apartments in 2002.

### Multiples hot spots scattered

Newfoundland, Manitoba, Saskatchewan, and B.C. will register double-digit growth in multiple starts in each of the next two years. Look for robust gains in Ontario as well.

### Low vacancies trigger construction

Low rental vacancy rates will help trigger stronger multiple construction in 2001 and 2002. Only a portion of the growth will take the form of rental starts, however. Rental starts will rise but remain at relatively low levels. Construction of condominiums will also increase. Some of these condo units will end up being occupied by tenants, helping meet the demand for rental housing.

### Singles up outside Atlantic this year

Growth in single starts will pick up this year and next. In 2001, construction will be down in the Atlantic provinces and Manitoba and up everywhere else. Although starts will rise steadily in B.C., gains will not make up for the major slump that occurred last year. Look for steady gains in Ontario as well. Growth will slacken in Quebec and Alberta next year.

### Record resale numbers this year

Despite scarce listings in some markets, strong demand and lower mortgage rates will boost resales to record levels in the next two years. Records will be set in Newfoundland, Quebec, Ontario, and Alberta.

### Prices up everywhere in 2001 and 2002

Resale prices will be up in all provinces. Look for price gains above the rate of inflation in Quebec, Ontario, Saskatchewan, and Alberta.

## Spotlight on FORECAST RISKS

### Risks to the forecast at present are mainly on the downside

According to our forecast, starts in 2002 will hit the highest level since 1992. The following pages outline factors behind the anticipated increase in construction.

While good reasons exist for believing that starts will continue to rise, risks to the forecast are on the downside; that is, they would tend to reduce construction below forecast levels. The following are some of these risks:

■ **Hard landing in the U.S.:** In December, the U.S. Fed moved from a tightening bias to an easing bias, signalling a shift from a preoccupation with inflation to an alert for signs of economic weakness. In early January, the Fed underlined its concern by cutting interest rates. A more significant deterioration of the U.S. economy than currently anticipated would reduce Canada's exports, send stock

markets down, slow consumer spending, shrink profits, and retard investment and construction.

■ **High consumer debt loads:** High household debt loads mean that consumers are vulnerable to deterioration in income and employment prospects in a recession setting.

■ **Trades strike in Ontario:** Last year, a strike by concrete drivers in Ontario, disrupted construction in May. This year, construction trades contracts in Ontario are up for renewal as of May 1st. Given shortages of skilled labour, unions currently enjoy a measure of bargaining power.

■ **Supply bottlenecks:** Even if housing demand is strong and strikes are avoided, labour shortages could produce delays in meeting this demand.



# Trends Impacting Housing

## Positive Impact

- ✓ *Mortgage rates easing*
- ✓ *Employment and incomes grow*
- ✓ *Tax cuts*

## The Economy

The much anticipated cooling of the U.S. economy has finally arrived. Growth in the third quarter of 2000 fell by more than half from the previous quarter, and the Fed, after cutting interest rates in January, is on watch for signs of further weakening. In Canada by contrast, the economy continued to expand rapidly, growing at a brisk 4.8 per cent annual rate. Consumer spending accelerated, while investment remained strong.

Despite robust Canadian growth overall, signs of moderation were evident. Exports fell, an indication that the slowdown in the U.S. economy is spilling over into Canada. Corporate profit growth tapered off, a harbinger of moderating investment. The current consensus is that the slowdown in the U.S., and by extension Canada, will be gradual — a soft landing. Look for healthy Canadian growth of 3.4 per cent this year, 3.2 per cent in 2002.

## Mortgage Rates

Concerns over inflation have diminished recently. The dramatic gearing down of growth in the U.S. prompted the U.S. Fed to shift from a tightening to an easing bias in December. Look for mortgage rates to ease over the next two years. Through the end of next year, look for one-year rates in the 6.50-7.50 per cent range, three-year rates between 6.75 and 7.75 per cent, and five-year rates from 7.00 to 8.00 per cent.

## Consumers

Confidence increased modestly in the third quarter. Retail sales were mixed in the fall, but consumer spending has been steady and should remain strong, given a backdrop of rising disposable incomes and tax cuts. Recent declines in equity markets could produce some tremors but should not unduly dampen the mood of consumers.

## What to Watch For

- ✓ *Economy moderating*
- ✓ *Migration to Ontario and Alberta*

## Employment and Incomes

Housing markets will continue to reap the benefits of several years of strong job growth. Delayed effects of these gains will translate into housing demand in the next two years.

Job gains in 2000 were strong again, following a surge in the fall. Full-time jobs continued to increase faster than part-time work. Productivity gains, reflecting strong business investment, are containing per-unit production costs as wages rise. Economic growth, though moderating, will remain healthy. Look for decelerating but still respectable employment gains this year and next.

The five-year federal package of tax cuts, which kicks in this year, will soften the effects of slower U.S. growth. Thanks to job growth, wage gains, and tax cuts, look for robust disposable income growth this year and next.























## Migration

Immigration has rebounded sharply after slumping in 1998. Landings rose in the third quarter of 2000 to an annual rate of over 230,000, above the target range of 200-225,000. Look for immigration to remain strong. Increased arrivals will mainly benefit construction in the four largest provinces. Since immigrants tend to rent when they first arrive in Canada, housing markets will also benefit from the large influx of immigrants in the early 1990s, many of whom will be looking to buy homes in coming years.

In the third quarter, Alberta took over from Ontario as the top destination for interprovincial migrants. Look for these two provinces to lead in coming months. Outflow from B.C. continue. With Ontario and Alberta exerting a strong pull on job seekers, expect migration to B.C. to remain subdued by comparison to the large gains of the first half of the 1990s.

# Trends at a Glance

## Key factors and their effects on home building

Factor	Comment	Impact	
		2001	2002
Mortgage rates	Easing this year and next year.		
Employment	Past gains continue to fuel housing demand. Respectable gains in 2001 and 2002.		
Incomes	Will benefit from healthy labour market and tax cuts.		
Net migration	Continuing to increase.		
Household formation	Should increase as a result of improved net migration and job and income gains. More individuals and families can afford to live independently.		
Consumer confidence	Expected to stay near current high levels.		
House prices	Rising prices stimulate construction, while affordability remains high given income gains and lower mortgage rates.		
Unoccupied units	Low inventories a positive signal to builders.		
Vacancy rates	Low rates trigger multiple construction.		
Construction costs	Increasing labour costs expected to outweigh moderating material costs.		
Profits	House prices will rise faster than combined costs of labour and materials.		



# Rental market: opportunities on the horizon!

Falling vacancy rates, rising rents and strong household demand are among several factors pointing to a recovery in the rental construction sector. All that remains to be defined is the exact nature of this recovery...

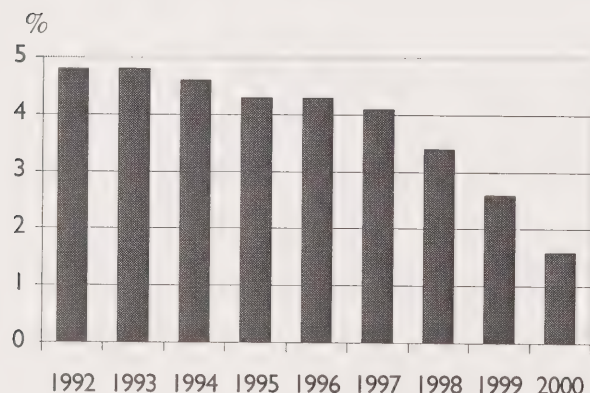
## Rental vacancy rate falling rapidly

According to the CMHC Rental Market Survey, the vacancy rate for metropolitan areas went from 2.6 per cent in October 1999 down to 1.6 per cent this past October, reaching its lowest level since 1987. The rates fell in 22 of 26 metropolitan areas.

The lowest rates were observed in Ottawa (0.2 per cent), Toronto (0.6 per cent) and Kitchener (0.7 per cent). The greatest vacancy rate decreases were recorded in **St. John's** (from 9.2 per cent to 3.8 per cent), **Sudbury** (from 11.1 per cent to 7.7 per cent) and **Hull** (from 4.4 per cent to 1.4 per cent).

Vacancy rates were down practically everywhere, and many metropolitan areas now post rates under 2 per cent, below the level considered to reflect a balanced market. A balanced market is defined as one where tenants have a reasonable choice of housing units while landlords remain motivated to provide rental dwellings.

Vacancy Rates – Metropolitan Areas  
Private apartment buildings of 3 units and over



Source: CMHC.

## Traditional rental construction holding back

Today, around one third of Canadian households are tenants and, even though this proportion is slowly declining in favour of homeownership, the rental segment still remains an essential component of the housing market.

In fact, the significant decrease in the vacancy rate is evidence of the demand for this tenure option. Given that the rental stock covered by the CMHC survey comprises around 2 million housing units, a decrease of one percentage point in the vacancy rate represents the arrival of 20,000 new households on the market. This quick calculation does not take into account those households who will occupy units in the stock of properties with two units or less or

## Rental Housing Starts Urban centres of 10,000 and over

Province	Jan.-Dec. 2000	% of total housing starts
Newfoundland	0	0.0
P.E.I.	62	15.9
N.B.	537	27.1
N.S.	810	26.6
Québec	3,697	18.5
Ontario	2,045	3.0
Manitoba	112	7.5
Saskatchewan	26	1.4
Alberta	1,259	5.8
B.C.	1,607	13.0
<b>Canada</b>	<b>10,155</b>	<b>7.7</b>

Source: CMHC.

dwellings not primarily intended for renting but still accommodating tenants, as is notably the case for many condominium apartments.

In the year 2000, total rental housing starts reached 10,155 units or 7.7 per cent of all starts. The volume of rental starts in 2000 was therefore higher than the 1999 level in absolute terms and in relative terms (9,276 units for 7.3 per cent). Yet, this is a very small increase considering the signals emitted by the market and the historical weight of the rental component within the overall housing market.

## An exceptional performance for rental apartments built in the last 15 years

With the limited number of rental starts in the majority of metropolitan areas, tenants are prepared to pay more for a newer unit, as shown by the table below. In fact, the vacancy rate for apartments built in the last 15 years is lower than the overall rate in most of the 26 metropolitan areas, even though rents paid are clearly higher than average. This is an indication that the market recognizes the value of new housing and is willing to pay a premium for it.

### Relationship between rental performance and rent differences

Metropolitan areas	Vacancy rates *	Vacancy rates for apartments of 15 years and less *	Average rent * (in \$)	Average rent * (in \$) apartments of 15 years and less	Rent gap in % between apts. of 15 years and less and universe *
Calgary	1.3	**	633	**	**
Chicoutim i-Jonquière	4.4	2.3	422	472	11.8
Edmonton	1.4	2.8	536	899	65.8
Halifax	3.6	1.0	604	661	9.4
Hamilton	1.7	**	655	**	**
Hull	1.4	1.6	523	539	3.0
Kitchener	0.7	0.4	665	788	18.5
London	2.2	2.0	601	696	15.8
Montréal	1.5	1.0	496	518	4.4
Oshawa	1.7	1.0	755	749	-0.8
Ottawa	0.2	0.1	786	901	14.6
Québec	1.6	0.6	505	527	4.4
Regina	1.4	**	497	**	**
St.Catharines-Niagara	2.6	2.3	610	645	5.7
Saint John	3.4	**	442	**	**
St. John's	3.8	1.4	516	502	-2.7
Saskatoon	1.7	1.6	496	596	20.2
Sherbrooke	4.7	2.5	421	465	10.4
Sudbury	7.7	6.7	572	654	14.3
Thunder Bay	5.8	8.1	605	671	10.9
Toronto	0.6	0.9	908	1,040	14.5
Trois-Rivières	6.8	3.4	397	438	10.3
Vancouver	1.4	2.1	740	857	15.8
Victoria	1.8	2.6	617	667	8.1
Windsor	1.9	0.5	647	704	8.8
Winnipeg	2.0	1.3	514	685	33.3

Source: CMHC.

\* Data weighted by unit size. \*\* Number of units too small to release results.

Contact: Philippe LeGoff (613) 748-2933, plegoff@cmhc-schl.gc.ca



There are some metropolitan areas, however, where the situation is not so clear and for which no conclusions can be drawn with regard to the willingness of tenants to pay a premium for new housing that could meet the profitability objectives of real estate developers. In particular, the number of privately initiated apartments built since 1985 in **Calgary, Hamilton, Regina, and Saint John** has not been sufficient to be able to disclose the data, for reasons of confidentiality.

In **Edmonton, Toronto, Vancouver, and Victoria**, on the other hand, the higher vacancy rates for newer buildings—although the differences are not huge—seem to reflect the fact that tenants are not comfortable paying rents that are, all in all, much higher than average — by 65.8 per cent, 14.5 per cent, 15.8 per cent and 8.1 per cent respectively. In the case of **Thunder Bay**, the higher vacancy rate for apartments built in the last 15 years mainly has to do with the type of dwellings available there.

This being said, the situation in **Toronto, Vancouver, and Victoria**, the most expensive housing markets in Canada, is especially noteworthy given the key role apparently played by the secondary rental market (accessory apartments, rented condominiums, etc.) in these areas. In all likelihood, affordable dwellings in the secondary market are providing competition for the generally more expensive supply of newer housing units. What's more, homeownership also competes with rental products when rents move closer to monthly mortgage payment levels. In this instance, the arrival of additional units on the rental market could have the effect of raising the vacancy rate without necessarily meeting the demand.

## Rental vacancy rate to fall again in 2001

The expected increase in rental construction in 2001 (see Page 22) will only partially meet the demand and, consequently, the vacancy rate for the metropolitan areas will go down again next October to 1.4 per cent (see Page 27).

Higher immigration levels and the delayed effect of youth employment growth in the last three years will put more pressure on rental markets, particularly in Ontario and Quebec.

In this context, many households could be considering the homeownership option sooner than they had planned, as indicators are pointing towards a decrease in mortgage rates over the next few months. ■

### Vacancy Rates 2001

Decreasing		Increasing
Victoria	Trois-Rivières	Edmonton
Vancouver	Sherbrooke	Calgary
Winnipeg	Québec	Saskatoon
Thunder Bay	Chicoutimi	Regina
Sudbury	St. John's	Kitchener
Windsor		Hamilton
London		Toronto
St. Catharines		Ottawa
Oshawa		Saint John
Hull		Halifax
Montréal		Charlottetown

Source: CMHC.

**For more detailed information on metropolitan rental markets, contact your nearest CMHC market analyst.**

# British Columbia

## Overview

**Construction will continue to focus on high-end and niche markets.**

As the economy re-structures, posting weaker performance than Alberta and Ontario, new home construction will focus on its strengths in 2001. First-time buyers are not currently a significant factor in the market due to affordability constraints. Rather, it is the high end of the market, particularly custom homes, resort properties, and waterfront condominiums, that holds strong appeal.

The downtown condominium market in **Vancouver** continues to perform well with high-amenity projects in the best neighbourhoods appealing to both local and international buyers. Employees benefiting from strong job gains in the high-technology sector will seek housing close to new business park development, hospitals, uni-

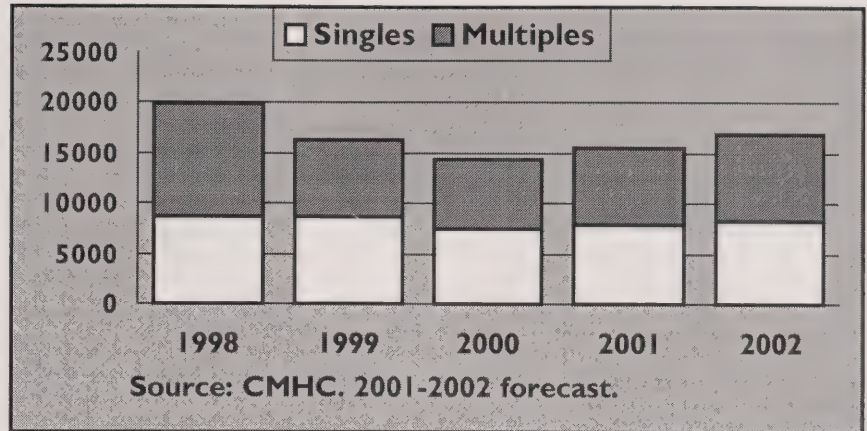
## In Detail

**Single Starts:** Single starts will post solid gains in the next two years. Strong consumer preference for this housing type and the ability of developers to bring small-lot, affordable homes to the market will be the key factors for success. There will also be continued market interest, albeit limited, for large-lot, custom homes in the best neighbourhoods of **Vancouver**, **Victoria**, and **Kelowna**.

**Multiple Starts:** With the condominium market set to improve as consumer acceptance for this product type increases, multiple starts will rise substantially. In addition, there is strong international interest in high-end condominiums with waterfront locations in major urban markets.

**Resales:** Resale home markets continue to show weakness at the low and mid-price range. Only niche markets will continue to perform well as affordability constraints have curtailed the appetite of many first-

## B.C. Starts



versities, and other research and development facilities in the **Vancouver** area.

In **Kelowna**, and to a lesser extent **Victoria**, successful residential projects will have an amenity that will act as a marketing focal point, the most obvious being a golf course or waterfront location.

Resource-based communities involved in exports to Asia have yet to show any strength in local housing markets. However, there is evidence of demand from residents of the U.S., Alberta, and Ontario for resort housing in smaller communities such as the **Kootenays**, **Whistler**, and other trendy markets, including the **Gulf Islands**.

time buyers. Overall, expect modest sales increases.

**Prices:** Price increases will continue in major markets. The only exception will be in markets with an excess supply of low-rise, wood-frame condominiums. Strong sales at prices in excess of \$500,000 have skewed average prices. The outlook is for continued strong demand for high-priced units near urban and resort amenities and in the best neighbourhoods.

## Spotlight on the NEW ECONOMY

### Job growth shifting away from resources

Although the resource sector is a key economic engine, total job growth over the last 10 years has been less than one per cent. Resource activity will not add new jobs, nor much stimulus to new housing demand in the short term. The service sector has posted strong job growth, but below average incomes mean service sector employees often face affordability constraints. The high-paying professional, scientific, and technical sector has generated a 55 per cent increase in jobs over the last 10 years. This sector, the so called "new economy", will be the main driver of housing demand in B.C. this year and next.



# Alberta

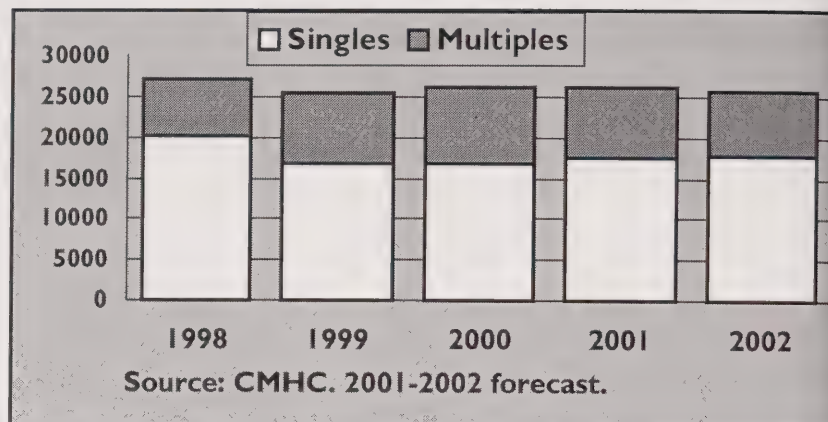
## Overview

### Strong economy maintains housing activity.

Continued high levels of investment in the energy sector will underpin economic growth. Recent expansions in the food and beverage, petrochemical, and pipeline industries are expected to give a lift to exports. As a result, Alberta will continue to have one of the fastest growing economies in the country over the next two years.

Growth will continue to fuel the demand for additional workers, leading to further labour market tightening. The unemployment rate will drop to its lowest level in a quarter century. The tight labour market will continue to attract people to the province. However, given the improved economic picture in other provinces, interprovincial migration levels are expected to lessen in

## Alberta Starts



the next two years. As a result, Alberta will have to rely more on international migration to sustain housing demand.

Strong labour markets, affordable mortgage rates, and continued positive migration will have a favourable impact on housing demand. Excess demand from the resale market will spill over into the new home market. Look for housing starts to maintain the healthy levels observed over the past three years.

## In Detail

**Single Starts:** The demand for new single family housing will remain firm due to positive income growth, favourable mortgage rates, and a chronic shortage of better quality units in the resale market. Look for modest growth in single starts in the next two years.

**Multiple Starts:** Buyers are increasingly accepting condominiums as alternatives to higher-priced single-detached units. Though multiple starts will not match the levels of the last two years, output will still be very healthy by historical standards.

**Resales:** MLS sales have hit new highs in recent years and now appear to have plateaued. Rising house prices coupled with increases in mortgage rates last year have eliminated some first-time buyers in several markets. As well, lack of good-quality, affordable resale homes is dampening sales. Look for sales to edge past the 2000 record level in the next two years.

**Prices:** The pace of growth in the average MLS residential price will slow as markets in many centres move from sellers' to balanced conditions. A large portion of the price increase will be due to increased market share of higher-priced units. **Canmore, Calgary, and Fort McMurray** will continue to be the most expensive markets in the province over the next two years.

## Spotlight on AFFORDABILITY

**In Alberta, higher interest rates and escalating prices have raised mortgage carrying costs over the past few years. Each year, it is becoming more difficult for renters to buy first homes. As a result, expect more people to stay in rental accommodation, rather than purchasing.**

**While declining affordability hinders first-time purchases, there is a larger impact on the marketplace to consider. If renters cannot afford to purchase homes, move-up buying will also slow, as those seeking to upgrade to more expensive residences may find it increasingly difficult to sell their current homes.**



# Saskatchewan

## Overview

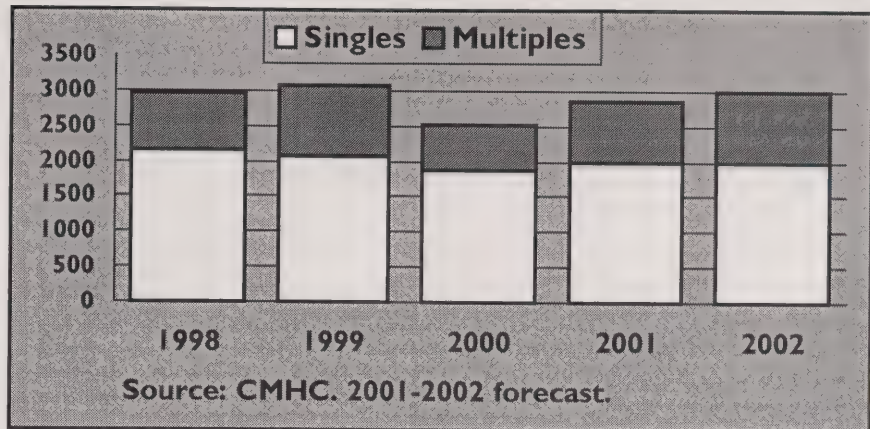
### Economic indicators point to growth in housing demand.

Total economic output is forecast to grow at an annual rate of 2.5 per cent in 2001 and 2002. Investment will increase as continued strength of oil and natural gas prices propels exploration and development activity. Exports will also be an important source of growth.

Saskatchewan has recorded negative net interprovincial migration for 15 consecutive years. Due to superior job opportunities in other provinces, this pattern will persist over the forecast period.

On a positive note, however, the labour market will become increasingly tight, lessening the outflow of people to other provinces. Since about three quarters of the people who move from province to prov-

## Saskatchewan Starts



ince are between the ages of 15 and 64, the improvement in net interprovincial migration should have beneficial effects on labour supply as well as on housing demand.

Total net migration is forecast to be positive by 2002 as an increasing number of international migrants will offset losses through interprovincial migration. The rise in international migration will stimulate housing demand. In the short term, immigration is positive for rental housing demand and, in the longer term, for single-detached housing.

## In Detail

**Single Starts:** Starts will benefit from a lack of listings in the resale market. As a result, activity in this sector will be slightly above the average of the previous five years. Look for starts to rise this year before stabilizing next year.

**Multiple Starts:** After a pause in 2000, multiple starts are expected to rebound over the next two years. Currently, the new condominium market in **Regina** and **Saskatoon** is balanced, and the average price of new condominiums is relatively low. Rising prices in the single-detached market should encourage empty-nesters and seniors to convert their equity into new condominiums. Overall, multiple starts will enjoy strong growth in 2001 and 2002.

**Resales:** Strong labour markets and affordable mortgage rates will have a favourable impact on demand for resale housing. Given a shortage of listings at the lower end of the price range, however, look for flat MLS sales

in the next two years.

**Prices:** After increasing at an average annual rate of five per cent over the last five years, price hikes are forecast to moderate slightly but to remain well above the rate of inflation.

## Spotlight on LABOUR MARKETS

**Saskatchewan is starting to run out of workers. Over 80 per cent of people aged 25 to 44 are either working or looking for work. Participation rates are also exceeding 70 per cent in the 20-24 and 45-64 age groups. That means that the only pool of workers left in the province are teenagers and seniors.**

**Lack of skilled workers will force businesses to innovate in order to raise productivity. Firms will also have to offer more financial and other incentives to attract and retain workers. The degree to which these two strategies are successful will play a major role in the economic fortunes of the province.**



# Manitoba

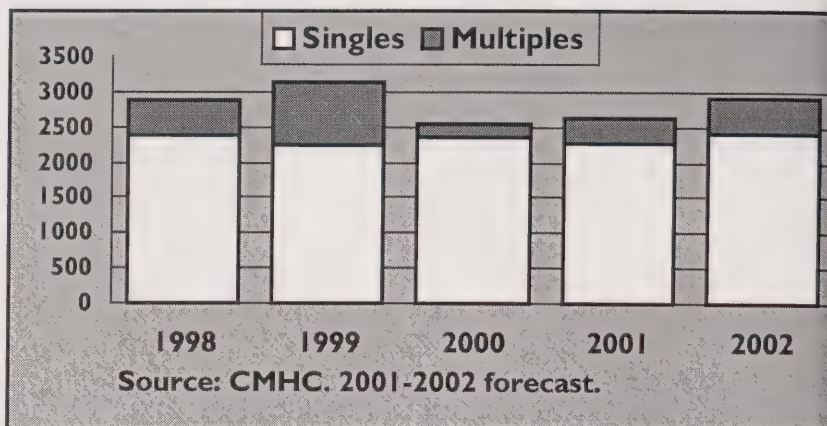
## Overview

### Economic climate favourable to housing markets.

Look for the economy to grow by around 2.5 per cent annually in 2001 and 2002. Manitoba will reap the benefits of diversification as the manufacturing sector turns in a solid performance.

The unemployment rate has consistently been lower than the Canadian average in recent years. The province is now starting to run out of workers. Over two-thirds of the working-age population is in the labour force, a record high. A growing economy will produce further tightening of the labour market. The unemployment rate will drop to its lowest level in a quarter century. The tight market and continuing labour demand

## Manitoba Starts



will attract more people to the province.

Strong labour markets, affordable mortgage rates, and positive migration will stimulate the demand for housing. Excess demand from the resale market will spill over into the new home market, benefiting single-family construction. Favourable migration flows will boost multiple starts over the next two years. **Winnipeg** will account for the majority of all starts.

## In Detail

**Single Starts:** Single starts will benefit from a healthy economy and a tight resale market. As a result, activity will be slightly above the average of the past five years.

**Multiple Starts:** After a significant decline in 2000, multiple starts will increase this year and next year, assisted by positive migration. As well, life-lease housing continues to grow in popularity for those aged 55 and over. An aging population will keep the demand for this type of housing strong in 2001 and beyond.

**Resales:** Resale markets continue to be characterized by strong demand, limited choice, and short listing periods. Although favourable mortgage rates and a strong labour market will stimulate demand over the next two years, an ongoing shortage of listings will keep MLS sales from rising much above current levels.

**Prices:** Increased sales of modestly priced homes will slow average MLS price gains to

about one per cent annually. Manitoba will continue to have one of the most affordable resale markets in the country.

## Spotlight on JOB CREATION

A major factor driving provincial growth will be the solid performance of the **Winnipeg** economy. Recent announcements from the city's key players suggest that this economic growth will be fueled over the next few years by increased job creation.

Motor Coach Industries recently signed a contract with New Jersey Transit worth \$726 million. Kitchen Craft of Canada is undertaking a \$26 million expansion that will create at least 300 new jobs over the next three years. Palliser Furniture, the largest furniture manufacturer in Canada, is continuing its expansion, as is Loewen Windows. The city's biggest call centre, Convergys Customer Management, is planning to hire an additional 500 employees by year's end. Overall, more than 10,000 new jobs are expected to be created in the next two years.



# Ontario

## Overview

### Starts hit eleven-year high.

Despite edging down in the fourth quarter, housing starts hit an eleven-year high last year. With the economy growing, further increases are expected. Ontario, with under 40 per cent of the country's population, has accounted for just under half of all starts.

So what is powering housing demand? Jobs! Employment is up, and the economy is turning in a better-than-average performance. Job seekers are moving to the province and adding to demand pressures. Resale home markets are tight.

The dark cloud on the horizon is the slowing U.S. economy. The fear is that U.S. weakness will spill into Ontario. However, most economic indicators for Ontario remain healthy, and the expectation is that a respectable pace of job creation will continue.

## In Detail

**Single Starts:** Singles will account for well over half of all starts. Strong job growth will boost demand for this most popular and expensive housing form.

**Multiple Starts:** Growth in multiple starts will outpace that of singles. With the prices of new homes up, a growing share of new home purchasers will opt for more affordable multiple-family homes. Ownership multiples, such as freehold row and semi-detached homes and condominiums, will account for most of the multiple starts.

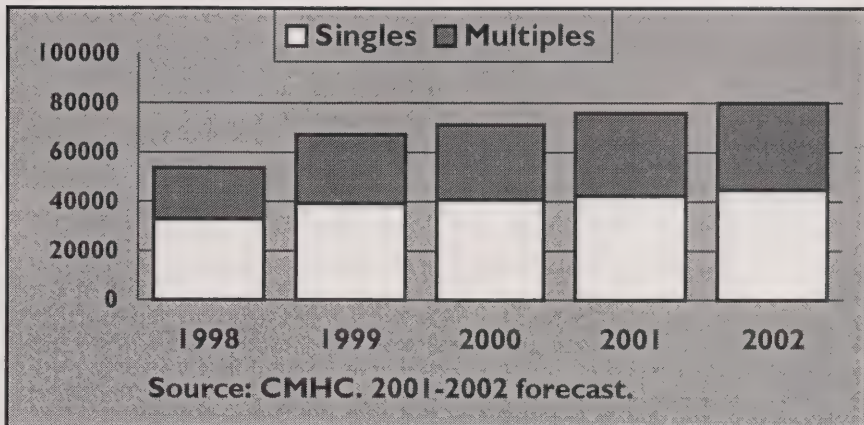
**Resales:** After edging up last year, expect further sales increases in 2001, with a slight retreat in 2002 as listings become scarce.

**Prices:** Jobs and migration will boost home prices faster than the general rate of inflation. The strongest increases will be in Ontario's tightest resale markets — **Ottawa, Kitchener, and Toronto.**

The same holds true for new home prices, which will move up in most major markets.

Contact: Alex Medow (416) 218-3344, amedow@cmhc-schl.gc.ca

## Ontario Starts



The most popular home types will be ownership singles followed by ownership multiples. Rental home starts doubled last year and will continue to rise, but will remain low by historical standards despite tighter rental markets.

Ontario's rental vacancy rate dropped to 1.6 per cent in October 2000 from 2.1 per cent in October 1999. The average rent for a two-bedroom apartment jumped 5.6 per cent — double the rate of inflation. Jobs, high net migration, and a growing young renter-aged population will further tighten rental markets.

Even prices in **Sudbury-Thunder Bay**, which have dropped in the face of a sluggish Northern Ontario economy, will turn around in 2001 and 2002.

## Spotlight on IMMIGRANTS

**Immigration is the largest contributor to population growth and housing demand in Ontario. What do we know about immigrants?**

- Immigrants tend to rent until they become established. After a dozen years in Canada, more immigrant households own than rent.
- Immigrants initially move into the largest urban centres. Some later move to smaller centres.
- Immigrants, on average, are younger than non-immigrants.
- A higher percentage of immigrants have university degrees, but a higher percentage also have a grade eight education or less.
- Immigrant incomes play catch-up with Canadian-born counterparts until the latter years of their life-cycle.
- Immigrants buy their first homes four years later on average than non-immigrants.



# Quebec

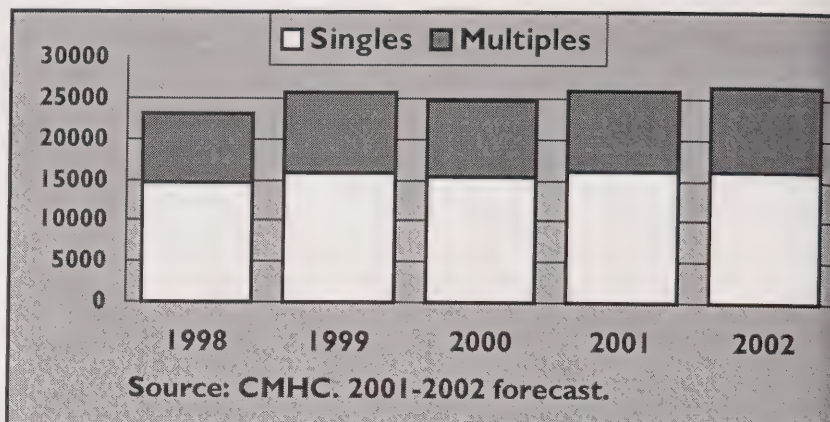
## Overview

### Increase in housing activity in 2001 and 2002.

Thanks to the strong performance of the Quebec economy and a decrease in the inventory of existing homes for sale, housing activity will be on the rise this year and next. The number of housing starts will reach 26,000 in 2001 and 26,500 in 2002.

The cooling of the North American economy will slow economic growth in Quebec in 2001 and 2002. However, the deceleration will be more moderate than in the early 1990s, since Quebec now exports more products that are less sensitive to economic cycles. It is therefore expected that GDP will grow by 3.0 per cent in 2001

## Quebec Starts



and 2.8 per cent in 2002.

Strong job creation will allow the unemployment rate to fall to 8.1 per cent in 2001, but this rate will climb to 8.4 per cent in 2002. The rise in disposable income in the last two years, combined with favourable mortgage rates, will encourage homeownership.

## In Detail

**Single Starts:** Strong employment growth in recent years, combined with a more limited choice on the resale market, will stimulate single-family home building. It is expected that the number of housing starts will be 16,000 this year and 16,200 in 2002.

**Multiple Starts:** The increase in the number of new multiple housing units in 2001 and 2002 will stem from the rise in rental housing construction caused by the low vacancy rate (2.2%) observed in Quebec. However, this increase will be limited by the expected decline in semi-detached and row housing starts (less popular in an expansion period) and condominium construction (due to a growing inventory of new units in the **Montréal** area).

**Resales:** The strong demand for existing homes in recent years will result in a reduction in the number of properties for sale. Sales will continue to rise, but at a slower pace due to increasing prices. The number of sales will reach new records in 2001 and 2002.

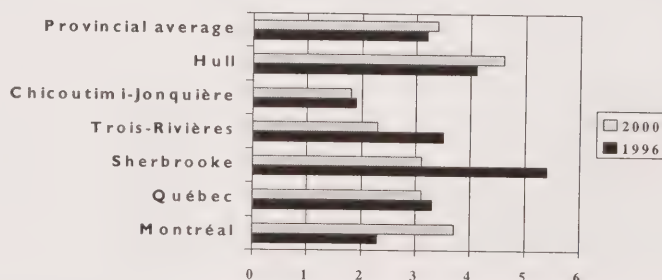
**Prices:** A strong resale market, increasingly favourable to sellers, particularly in the **Montréal** area, will create upward pressure on the average price for existing homes.

## Spotlight on an INDICATOR OF VITALITY: HOUSING STARTS PER CAPITA

The rate of housing starts per capita provides insights into the vitality of new construction in local markets.

**Montréal and Hull are the markets that have benefited the most from the rapid economic development in Quebec since 1996. The Québec and Chicoutimi areas remained rather stable, while Sherbrooke and Trois-Rivières sustained major decreases. In 2000, all areas except Montréal and Hull were below the provincial average of 3.4 housing starts per 1,000 inhabitants.**

### Housing Starts per 1,000 Inhabitants





# New Brunswick

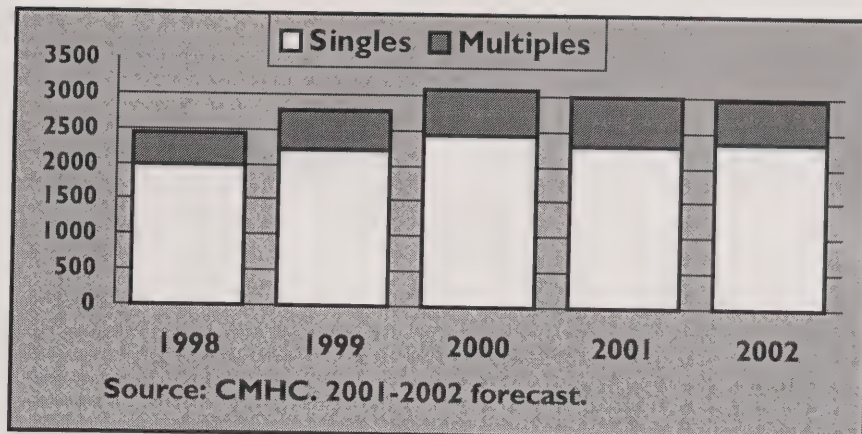
## Overview

**Solid labour market conditions will continue to stimulate housing demand.**

Buoyed by mega-project construction and the strength of the U.S. economy, the New Brunswick economy enjoyed a strong year in 2000. Employment hit record levels, and exports and manufacturing shipments were up significantly. Look for growth to slow from around 3.8 per cent last year to 2.0 per cent this year as mega-project activity winds down and the U.S. economy cools.

Attractive labour market conditions will encourage people to look for jobs, but the resultant growth of the labour force is not expected to keep pace with employment gains. As a result, look for the unemployment rate to continue dropping in the next two years.

## New Brunswick Starts



The solid labour market will continue to attract job seekers to the province. In 1999, net migration turned strongly positive, ending several years of out-migration. Look for positive net migration in 2001 and 2002.

Migration flows will help sustain demand for rental and ownership housing. Despite dropping about three per cent in the next two years, total housing starts will remain strong.

## In Detail

**Single Starts:** After posting one of the best totals of the last ten years, look for single starts to decline slightly this year, but to remain strong. Thanks to healthy in-migration, **Moncton** will continue to lead the province in new home construction. An expanding economy will also support growing demand for new homes in **Fredericton**, **Saint John**, **Rochester**, and **Quispamsis**.

**Multiple Starts:** Declines in rental vacancy rates in all three major urban centres combined with attractive lumber costs may stimulate rental construction. Overall, multiple starts should increase again this year after a strong performance in 2000.

**Resales:** After a record year in 2000, look for slightly lower but still healthy MLS sales over the next two years. In-migration will help sustain demand.

**Prices:** Strong demand and limited supply will continue to boost house prices over the next two years.

## Spotlight on LUMBER PRICES

### Low lumber prices may stimulate construction

Atlantic softwood lumber prices fell significantly last year. A slowdown in construction activity in New England, where about 80 per cent of New Brunswick's lumber ends up, was the main factor underlying a substantial drop in the demand for softwood lumber in 2000.

An ample supply of lumber combined with weak demand has created downward pressure on prices. Should prices remain low over the mid-term, lower building costs may stimulate new home construction in New Brunswick and benefit consumers.



# Nova Scotia

## Overview

**Housing market activity to moderate in 2001 as economy makes soft landing.**

This year, the economy in Nova Scotia is expected to cool down from the torrid pace of the last two years. Last year, strong U.S. demand contributed to vigorous job creation and robust growth in manufacturing shipments and port-related activities. Natural gas production and exploration activity also increased, with further gains expected in the next two years.

The economy will feel the effects of weakening international demand, particularly from the U.S. Business investment and consumer spending will slow as a result. Growth will also be dampened by limited public sector investment as the provincial government continues to practice fiscal restraint in its effort to balance the budget.

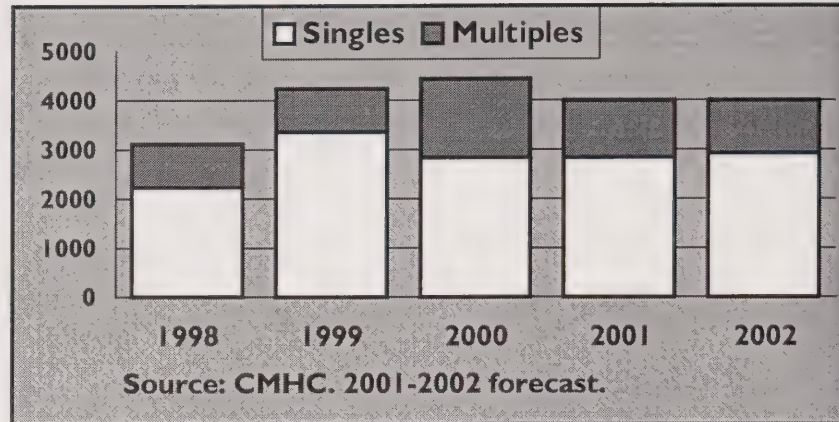
## In Detail

**Single Starts:** Less demand for new single units will ease some of the upward price pressure in local housing markets and slow house price growth to more sustainable levels. As a result, single starts will drop again in 2001, before recovering in 2002 as the economy rebounds and affordability improves.

**Multiple Starts:** While the condominium market in **Halifax** will remain tight, rental vacancy rates are expected to rise slightly with the addition of plenty of new stock in 2000 and 2001. Demand in urban centres outside **Halifax** will be driven by move-down activity among seniors and empty-nesters selling their homes in exchange for more flexible and lower-maintenance new rental and condo accommodation.

**Resales:** Existing home sales will fall slightly as a result of a continuing scarcity of listings and a dip in demand after several years of exceptional resale market sales activity.

## Nova Scotia Starts



Look for the economy to expand by 1.9 percent in 2001, down from an estimated 2.7 percent last year.

Total housing starts rose modestly last year, on the strength of a spike in construction of new, large multi-unit rental and condominium developments in **Halifax**. Starts are expected to decline by around 10 percent in 2001 and remain flat in 2002. The reduction in starts over the next two years mainly reflects an anticipated decline in multiple construction, following the peak in 2000.

**Prices:** Average MLS prices will continue to grow in 2001, but not as fast as in 2000. Weakening demand and the re-emergence of first-time buyers will result in a 2.7 percent hike in MLS prices in 2001, down from 7.7 percent in 2000.

## Spotlight on the RENTAL MARKET

### Pressure easing in Halifax

The rental vacancy rate in **Halifax** stood at 3.6 percent in **October 2000** - on par with the rate in 1999. The data imply a slight easing of pressure in the rental market, following a three-year drop in vacancy rates resulting from declining home ownership affordability coupled with tight resale and new home construction conditions.

In the next two years, expect the vacancy rate in **Halifax** to increase slightly with the continued addition of new rental stock. In other areas of Nova Scotia, rental demand will ease in line with lower provincial economic growth in 2001, before recovering again in 2002.



# P.E.I.

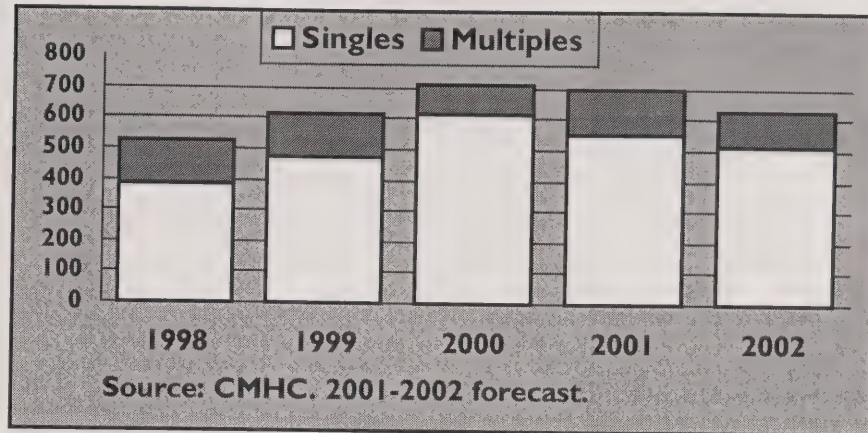
## Overview

### Provincial economy growing at a brisk pace.

Employment grew at a record pace last year, the highest rate of job growth in the country. A broadening manufacturing-based economy generated a substantial increase in international exports and a rise in manufacturing shipments. The buoyant economic performance boosted consumer confidence, as evidenced by increasing retail sales and motor vehicle purchases.

A solid performance by most traditional industries on the Island combined with the rapid expansion of new high-tech sectors will continue to stimulate the province's economy. After exceptional growth of around four per cent last year, the pace of expansion is expected to moderate to

## P.E.I. Starts



about 2.5 per cent this year, before rising slightly in 2002.

Strong employment growth, which brought the unemployment rate down by more than two percentage points in 2000, will reduce the jobless rate over the next two years. Solid job creation continues to attract people to the Island. Net migration averaged close to 1,000 people annually in the last two years. A continuation of strong in-migration in the next two years will stimulate demand for new homes.

## In Detail

**Single Starts:** Last year, high in-migration levels generated increased demand for single-detached dwellings and a significant increase in starts. Look for construction to drop slightly in 2001 and 2002, but to remain strong in historical terms.

**Multiple Starts:** Despite tightening rental market conditions in **Charlottetown**, developers built only 18 apartment units in the first eleven months of 2000 compared to 58 units in the previous year. As a result, the vacancy rate dropped to 2.6 per cent, the lowest level in well over a decade. Strong demand combined with fewer vacancies and attractive softwood lumber costs will boost multiple starts in 2001. Starts will drop in 2002 but will still be considerably higher than they were last year.

**Resales:** Healthy demand for existing homes will support a brisk resale market; however, after establishing a new record last

year, look for MLS sales to ease this year and next.

**Prices:** Strong demand and a limited supply of affordable homes will continue to boost average MLS prices over the next two years.

## Spotlight on TOURISM

### Number of tourists to rise in 2001

For the first time in several years, the tourism sector turned in a lacklustre performance in 2000. Preliminary data indicate that visits by tourists dropped 7.5 per cent from 1999 record levels. Higher fuel prices and several competing major headline events in neighbouring provinces contributed to the reduced tourist numbers.

With fewer headline events in other Atlantic provinces, several new golf courses in P.E.I., and the potential for lower fuel prices, look for tourism to rebound over the next two years, stimulating economic growth and helping maintain housing market momentum.



# Newfoundland

## Overview

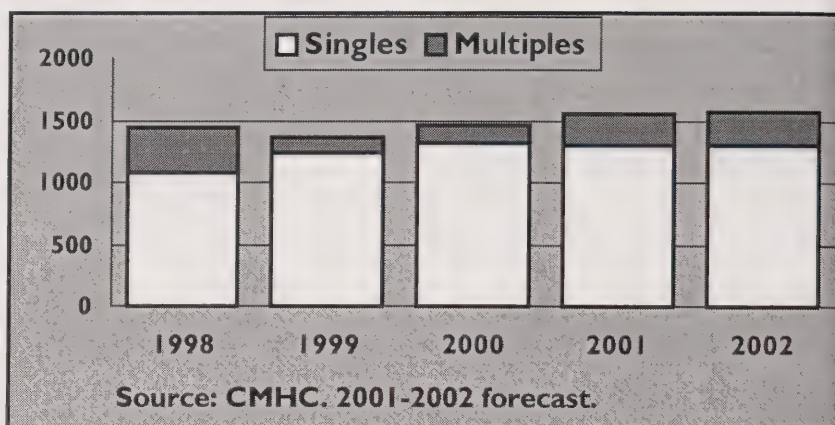
### Economic expansion keeps housing markets buoyant.

Buoyed by an expanding economy, the outlook for housing markets in the next two years is positive. Despite slightly slower growth than in recent years, Newfoundland's economy will remain among the top provincial performers in 2001 and 2002.

Ongoing expansion of the offshore oil industry will generate significant benefits. Increased output from Hibernia, the addition of oil production from Terra Nova, and expected start-up of the White Rose development will be the major drivers of economic growth. Solid fundamentals in the oil industry bode well for sustained investment in exploration activity as well.

The provincial income tax rate is scheduled to fall significantly by 2002. Tax cuts com-

## Newfoundland Starts



bined with healthy wage gains will support continued growth in the retail sector, albeit slightly below the torrid pace set last year.

Despite the stellar economic performance, labour markets will continue to lag. Modest employment gains of around 1.0 per cent are forecast annually. Sustained economic growth and movement to the province of oil-related personnel will gradually reduce out-migration. These factors, coupled with healthy incomes and favourable interest rates, will support strong housing demand.

## In Detail

**Single Starts:** Following strong growth over the previous two years, starts will fall slightly in 2001 and plateau in 2002. Modest employment growth, out-migration, and ongoing weakness in rural areas will be the major factors behind the decline. The **St. John's** economy will continue to outperform the remainder of the province, maintaining single starts at healthy levels.

**Multiple Starts:** Multiple starts will be the bright spot within the industry. With vacancy rates in the **St. John's** region falling to their lowest level in a decade and demand from seniors gaining momentum, construction is poised to recover over the next two years. Rising rents associated with the shortage of rental housing will promote investment in apartment units. Ownership demand from move-up buyers and seniors will also support starts of condominium and mid-priced semi-detached and row units.

**Resales:** Favourable interest rates and strong demand will allow MLS sales in 2001 to keep pace with the record volume

posted last year. Sales will dip slightly in 2002.

**Prices:** Strong demand and increased sales of higher-priced homes to move-up buyers will keep MLS prices at record levels in each of the next two years.

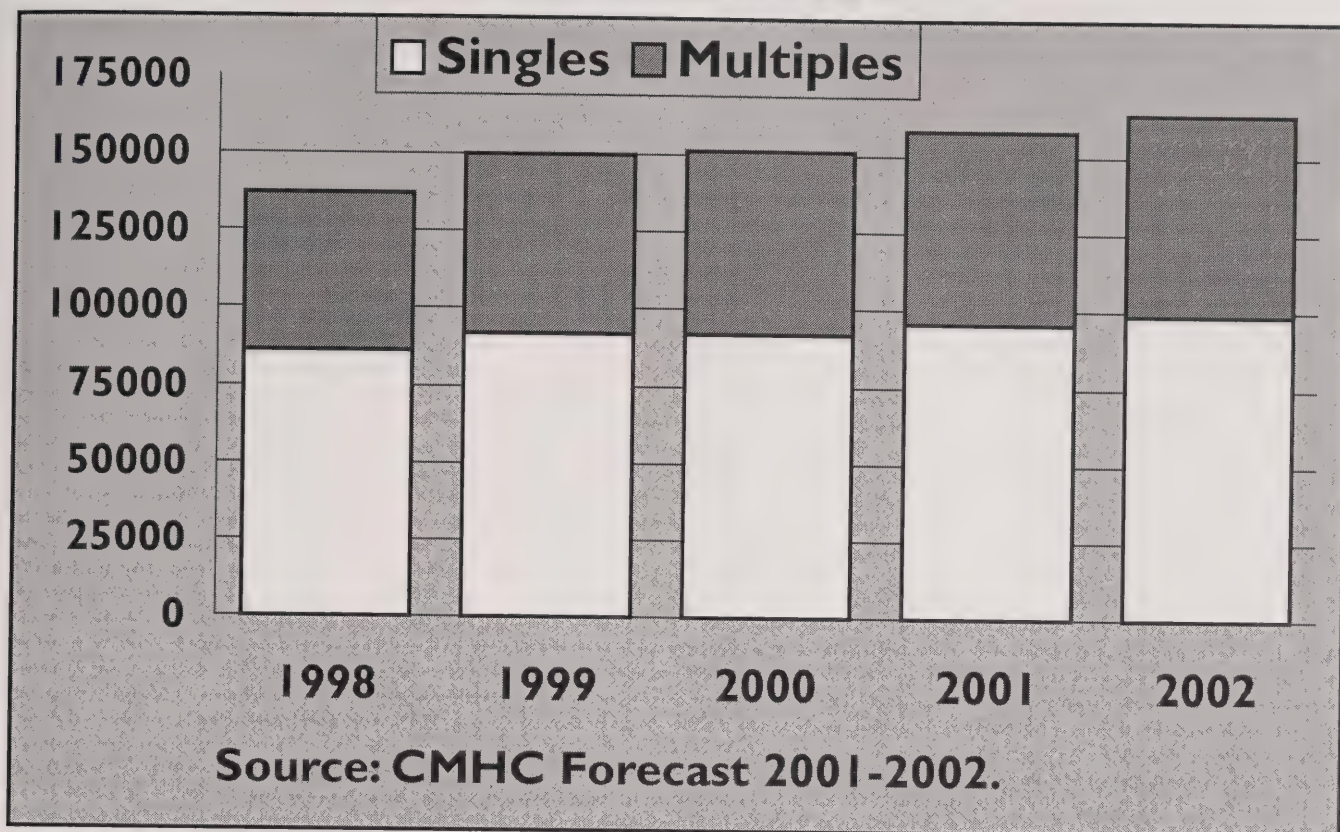
## Spotlight on the ST. JOHN'S RENTAL MARKET

The rental market in St. John's tightened considerably last year. The apartment vacancy rate fell to its lowest level in 10 years. At 3.8 per cent, the vacancy rate declined for the third consecutive year and posted the largest decrease of any major metropolitan area in Canada. Tight conditions produced a nine per cent jump in rents for both two and three-bedroom units.

While increasing demand has played a role, the ongoing reduction in rental stock stemming from condominium conversions has been the major factor behind the drop in the vacancy rate. With more conversions expected and the economy poised for further expansion, the rental market will tighten further over the short term. Conditions for investment in rental properties have not been this positive in years.



# Canada Starts



Total Housing Starts (units and annual per cent change)							
	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	2034	1696	1450	1371	1459	1550	1575
%	18.8	-16.6	-14.5	-5.4	6.4	6.2	1.6
<b>PEI</b>	554	470	524	616	710	700	625
%	31.3	-15.2	11.5	17.6	15.3	-1.4	-10.7
<b>NS</b>	4059	3813	3137	4250	4432	4000	4000
%	-2.6	-6.1	-17.7	35.5	4.3	-9.7	0.0
<b>NB</b>	2722	2702	2447	2776	3079	3000	2975
%	18.3	-0.7	-9.4	13.4	10.9	-2.6	-0.8
<b>QUE</b>	23220	25896	23138	25742	24695	26000	26500
%	6.1	11.5	-10.7	11.3	-4.1	5.3	1.9
<b>ONT</b>	43062	54072	53830	67235	71521	76000	80000
%	20.2	25.6	-0.4	24.9	6.4	6.3	5.3
<b>MAN</b>	2318	2612	2895	3133	2560	2635	2900
%	18.1	12.7	10.8	8.2	-18.3	2.9	10.1
<b>SASK</b>	2438	2757	2965	3089	2513	2850	3000
%	43.2	13.1	7.5	4.2	-18.6	13.4	5.3
<b>ALTA</b>	16665	23671	27122	25447	26266	26150	25775
%	19.8	42.0	14.6	-6.2	3.2	-0.4	-1.4
<b>BC</b>	27641	29351	19931	16309	14418	15500	16900
%	2.2	6.2	-32.1	-18.2	-11.6	7.5	9.0
<b>CAN</b>	124713	147040	137439	149968	151653	*158400	*164300
%	12.4	17.9	-6.5	9.1	1.1	4.4	3.7

Source: CMHC Forecast 2001-2002.  
(F) Forecast.  
\* Total does not add due to rounding.



### Single-detached Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	1395	1220	1086	1233	1315	1300	1300
%	19.7	-12.5	-11.0	13.5	6.7	-1.1	0.0
<b>PEI</b>	430	374	387	472	614	550	510
%	18.1	-13.0	3.5	22.0	30.1	-10.4	-7.3
<b>NS</b>	3278	2939	2257	3345	2856	2825	2925
%	7.8	-10.3	-23.2	48.2	-14.6	-1.1	3.5
<b>NB</b>	2173	2125	1989	2201	2442	2300	2350
%	26.2	-2.2	-6.4	10.7	10.9	-5.8	2.2
<b>QUE</b>	14818	16073	14685	15798	15349	16000	16200
%	10.4	8.5	-8.6	7.6	-2.8	4.2	1.2
<b>ONT</b>	27019	35401	32737	39421	41087	42700	44500
%	34.3	31.0	-7.5	20.4	4.2	3.9	4.2
<b>MAN</b>	1875	2019	2368	2231	2348	2265	2400
%	19.9	7.7	17.3	-5.8	5.2	-3.5	6.0
<b>SASK</b>	1612	1954	2154	2070	1890	2000	2000
%	20.2	21.2	10.2	-3.9	-8.7	5.8	0.0
<b>ALTA</b>	12949	18170	20077	16688	16835	17500	17700
%	28.3	40.3	10.5	-16.9	0.9	4.0	1.1
<b>BC</b>	12447	12911	8691	8731	7448	7800	8200
%	7.5	3.7	-32.7	0.5	-14.7	4.7	5.1
<b>CAN</b>	77996	93186	86431	92190	92184	*95200	*98100
%	21.1	19.5	-7.2	6.7	-0.0	3.3	3.0

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	639	476	364	138	144	250	275
%	16.8	-25.5	-23.5	-62.1	4.3	73.6	10.0
<b>PEI</b>	124	96	137	144	96	150	115
%	113.8	-22.6	42.7	5.1	-33.3	56.3	-23.3
<b>NS</b>	781	874	880	905	1576	1175	1075
%	-30.8	11.9	0.7	2.8	74.1	-25.4	-8.5
<b>NB</b>	549	577	458	575	637	700	625
%	-5.0	5.1	-20.6	25.5	10.8	9.9	-10.7
<b>QUE</b>	8402	9823	8453	9944	9346	10000	10300
%	-0.7	16.9	-13.9	17.6	-6.0	7.0	3.0
<b>ONT</b>	16043	18671	21093	27814	30434	33300	35500
%	2.2	16.4	13.0	31.9	9.4	9.4	6.6
<b>MAN</b>	443	593	527	902	212	370	500
%	11.0	33.9	-11.1	71.2	-76.5	74.5	35.1
<b>SASK</b>	826	803	811	1019	623	850	1000
%	128.8	-2.8	1.0	25.6	-38.9	36.4	17.6
<b>ALTA</b>	3716	5501	7045	8759	9431	8650	8075
%	-2.5	48.0	28.1	24.3	7.7	-8.3	-6.6
<b>BC</b>	15194	16440	11240	7578	6970	7700	8700
%	-1.8	8.2	-31.6	-32.6	-8.0	10.5	13.0
<b>CAN</b>	46717	53854	51008	57778	59469	*63100	*66200
%	0.4	15.3	-5.3	13.3	2.9	6.1	4.9

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type

		1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NF	Semi-detached	141	158	163	50	44	40	50
	Row	40	18	20	9	23	60	50
	Apartment	458	300	181	79	77	150	175
	Total	639	476	364	138	144	250	275
PEI	Semi-detached	10	12	28	32	46	40	30
	Row	68	43	10	31	21	25	20
	Apartment	46	41	99	81	29	85	65
	Total	124	96	137	144	96	150	115
NS	Semi-detached	447	303	290	218	266	225	225
	Row	59	58	89	29	17	25	50
	Apartment	275	513	501	658	1293	925	800
	Total	781	874	880	905	1576	1175	1075
NB	Semi-detached	138	106	106	134	113	120	125
	Row	92	132	89	94	26	60	50
	Apartment	319	339	263	347	498	520	450
	Total	549	577	458	575	637	700	625
QC	Semi-detached	2384	2767	1930	1586	1291	1150	1100
	Row	1094	1433	1074	1184	858	850	850
	Apartment	4924	5623	5449	7174	7197	8000	8350
	Total	8402	9823	8453	9944	9346	10000	10300
ON	Semi-detached	3348	4299	4575	6445	7167	8500	8800
	Row	8124	9964	10073	10425	10846	11400	11900
	Apartment	4571	4408	6445	10944	12421	13400	14800
	Total	16043	18671	21093	27814	30434	33300	35500
MAN	Semi-detached	126	143	131	90	52	70	90
	Row	113	96	81	151	63	95	130
	Apartment	204	354	315	661	97	205	280
	Total	443	593	527	902	212	370	500
SK	Semi-detached	134	160	174	155	148	150	200
	Row	193	352	222	104	173	200	200
	Apartment	499	291	415	760	302	500	600
	Total	826	803	811	1019	623	850	1000
ALB	Semi-detached	1049	1458	1428	1570	1518	1500	1525
	Row	1203	1691	1512	1424	1545	1200	1300
	Apartment	1464	2352	4105	5765	6368	5950	5250
	Total	3716	5501	7045	8759	9431	8650	8075
B.C.	Semi-detached	1528	1979	1218	816	885	1100	1400
	Row	3364	3469	2117	1444	1675	1800	1800
	Apartment	10302	10992	7905	5318	4410	4800	5500
	Total	15194	16440	11240	7578	6970	7700	8700
CAN	Semi-detached	9305	11385	10043	11096	11530	*12900	*13500
	Row	14350	17256	15287	14895	15247	*15700	*16400
	Apartment	23062	25213	25678	31787	32692	*34500	*36300
	Total	46717	53854	51008	57778	59469	*63100	*66200

Source: CMHC Forecast 2001-2002.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/Private	Co-op Assisted	Total Rental	Condo	Other*	Total 10,000+		
NFLD	2000	0	0	0	15	101	116	28	144
	2001	140	0	140	60	40	240	10	250
	2002	150	0	150	85	30	265	10	275
PEI	2000	62	0	62	0	10	72	24	96
	2001	85	0	85	20	35	140	10	150
	2002	65	0	65	0	40	105	10	115
NS	2000	809	0	809	371	150	1330	246	1576
	2001	675	0	675	300	75	1050	125	1175
	2002	600	0	600	200	100	900	175	1075
NB	2000	354	0	354	41	180	575	62	637
	2001	480	0	480	60	120	660	40	700
	2002	400	0	400	65	110	575	50	625
QUE	2000	3721	0	3721	3697	1432	8850	496	9346
	2001	4100	0	4100	3700	1200	9000	1000	10000
	2002	4550	0	4550	3600	1150	9300	1000	10300
ONT	2000	2045	0	2045	13176	15157	30378	56	30434
	2001	3200	0	3200	14300	15600	33100	200	33300
	2002	3800	0	3800	15200	16200	35200	300	35500
MAN	2000	91	0	91	36	14	141	71	212
	2001	155	0	155	110	15	280	90	370
	2002	225	0	225	140	20	385	115	500
SASK	2000	26	0	26	471	78	575	48	623
	2001	75	0	75	600	100	775	75	850
	2002	90	0	90	700	120	910	90	1000
ALTA	2000	1255	0	1255	6141	888	8284	1147	9431
	2001	800	0	800	5975	700	7475	1175	8650
	2002	750	0	750	5600	650	7000	1075	8075
BC	2000	1055	524	1579	3978	809	6366	604	6970
	2001	1400	950	2350	4300	600	7250	450	7700
	2002	1350	950	2300	5200	700	8200	500	8700
CAN	2000	9418	524	9942	27926	18819	56687	2782	59469
	2001	11110	950	12060	29425	18485	59970	3175	**63100
	2002	11980	950	12930	30790	19120	62840	3325	**66200

Source: CMHC Forecast 2001-2002.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

### MLS Total Residential Sales (units and annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
<b>NFLD</b>	<b>2005</b>	<b>2170</b>	<b>2288</b>	<b>2437</b>	<b>2593</b>	<b>2600</b>	<b>2525</b>
%	21.1	8.2	5.4	6.5	6.4	0.3	-2.9
<b>PEI</b>	<b>750</b>	<b>806</b>	<b>1125</b>	<b>1184</b>	<b>1206</b>	<b>1200</b>	<b>1150</b>
%	57.6	7.5	39.6	5.2	1.9	-0.5	-4.2
<b>NS</b>	<b>8372</b>	<b>7567</b>	<b>8052</b>	<b>8827</b>	<b>8300</b>	<b>7900</b>	<b>8000</b>
%	19.3	-9.6	6.4	9.6	-6.0	-4.8	1.3
<b>NB</b>	<b>4023</b>	<b>3941</b>	<b>3908</b>	<b>4080</b>	<b>4540</b>	<b>4100</b>	<b>4200</b>
%	15.1	-2.0	-0.8	4.4	11.3	-9.7	2.4
<b>QUE</b>	<b>39135</b>	<b>43463</b>	<b>45192</b>	<b>49792</b>	<b>53500</b>	<b>55000</b>	<b>56000</b>
%	31.4	11.1	4.0	10.2	7.4	2.8	1.8
<b>ONT</b>	<b>137921</b>	<b>140608</b>	<b>138463</b>	<b>148660</b>	<b>149700</b>	<b>155000</b>	<b>153000</b>
%	31.4	1.9	-1.5	7.4	0.7	3.5	-1.3
<b>MAN</b>	<b>10965</b>	<b>11180</b>	<b>10762</b>	<b>11111</b>	<b>10925</b>	<b>11100</b>	<b>11100</b>
%	12.5	2.0	-3.7	3.2	-1.7	1.6	0.0
<b>SASK</b>	<b>8689</b>	<b>8346</b>	<b>8068</b>	<b>8053</b>	<b>7600</b>	<b>7500</b>	<b>7500</b>
%	18.2	-3.9	-3.3	-0.2	-5.6	-1.3	0.0
<b>ALTA</b>	<b>37485</b>	<b>43693</b>	<b>43383</b>	<b>42684</b>	<b>43800</b>	<b>44300</b>	<b>44300</b>
%	28.8	16.6	-0.7	-1.6	2.6	1.1	0.0
<b>BC</b>	<b>72182</b>	<b>68182</b>	<b>52910</b>	<b>58084</b>	<b>54250</b>	<b>55700</b>	<b>58000</b>
%	24.3	-5.5	-22.4	9.8	-6.6	2.7	4.1
<b>CAN</b>	<b>321527</b>	<b>329956</b>	<b>314151</b>	<b>334912</b>	<b>336414</b>	<b>*344400</b>	<b>*345800</b>
%	27.7	2.6	-4.8	6.6	0.4	2.4	0.4

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2001-2002.

(E) Estimate. (F) Forecast.

\* Total does not add due to rounding.

### MLS Average Residential Price (dollars and annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
<b>NFLD</b>	<b>93661</b>	<b>92226</b>	<b>91514</b>	<b>94359</b>	<b>99525</b>	<b>101000</b>	<b>102500</b>
%	4.6	-1.5	-0.8	3.1	5.5	1.5	1.5
<b>PEI</b>	<b>83922</b>	<b>86403</b>	<b>79577</b>	<b>82139</b>	<b>82950</b>	<b>84000</b>	<b>84500</b>
%	13.7	3.0	-7.9	3.2	1.0	1.3	0.6
<b>NS</b>	<b>93444</b>	<b>96693</b>	<b>97015</b>	<b>102628</b>	<b>110500</b>	<b>113500</b>	<b>114500</b>
%	4.1	3.5	0.3	5.8	7.7	2.7	0.9
<b>NB</b>	<b>84198</b>	<b>87204</b>	<b>86648</b>	<b>88072</b>	<b>91200</b>	<b>92500</b>	<b>94000</b>
%	0.2	3.6	-0.6	1.6	3.6	1.4	1.6
<b>QUE</b>	<b>98435</b>	<b>101715</b>	<b>103947</b>	<b>107501</b>	<b>111250</b>	<b>114500</b>	<b>118500</b>
%	-0.3	3.3	2.2	3.4	3.5	2.9	3.5
<b>ONT</b>	<b>155662</b>	<b>164382</b>	<b>167115</b>	<b>174048</b>	<b>183900</b>	<b>193000</b>	<b>200000</b>
%	0.7	5.6	1.7	4.1	5.7	4.9	3.6
<b>MAN</b>	<b>85318</b>	<b>85404</b>	<b>86419</b>	<b>84525</b>	<b>88000</b>	<b>88900</b>	<b>89800</b>
%	4.2	0.1	1.2	-2.2	4.1	1.0	1.0
<b>SASK</b>	<b>77478</b>	<b>83978</b>	<b>87577</b>	<b>91396</b>	<b>95500</b>	<b>99500</b>	<b>103500</b>
%	5.0	8.4	4.3	4.4	4.5	4.2	4.0
<b>ALTA</b>	<b>117673</b>	<b>124865</b>	<b>132905</b>	<b>139621</b>	<b>145500</b>	<b>150600</b>	<b>154500</b>
%	2.5	6.1	6.4	5.1	4.2	3.5	2.6
<b>BC</b>	<b>218687</b>	<b>220512</b>	<b>212045</b>	<b>215283</b>	<b>222500</b>	<b>227500</b>	<b>230400</b>
%	-1.4	0.8	-3.8	1.5	3.4	2.2	1.3
<b>CAN</b>	<b>150837</b>	<b>154644</b>	<b>152402</b>	<b>158126</b>	<b>164386</b>	<b>*171100</b>	<b>*176100</b>
%	0.3	2.5	-1.4	3.8	4.0	4.1	2.9

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2001-2002.

(E) Estimate. (F) Forecast.

\* Total does not add due to rounding.



### Employment (annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-3.7	1.2	2.6	5.5	-0.2	0.5	1.0
PEI	2.9	0.5	1.9	1.5	5.3	1.0	1.2
NS	0.2	1.6	3.8	2.4	2.7	1.2	1.3
NB	-1.2	1.5	2.3	3.3	1.8	1.0	1.2
QUE	-0.1	1.6	2.7	2.3	2.4	1.9	1.3
ONT	1.0	2.6	3.3	3.6	3.2	2.5	2.4
MAN	-0.1	1.3	1.9	1.3	2.2	1.5	1.4
SASK	-0.4	2.7	1.3	0.8	1.0	1.3	1.0
ALTA	2.9	3.5	3.9	2.5	2.3	1.9	1.7
BC	1.6	2.6	0.1	1.9	2.2	2.0	2.0
CAN	0.8	2.3	2.7	2.8	2.6	2.0	1.8

Source: Statistics Canada, CMHC Forecast 2001-2002.

(F) Forecast.

### Unemployment Rate (per cent)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	19.3	18.6	18.0	16.9	16.7	15.9	15.8
PEI	14.8	15.4	13.9	14.4	12.0	11.6	11.5
NS	12.3	12.1	10.5	9.6	9.1	8.7	8.3
NB	11.6	12.7	12.2	10.2	10.0	9.6	9.4
QUE	11.9	11.4	10.3	9.3	8.4	8.1	8.4
ONT	9.0	8.4	7.2	6.3	5.7	5.8	6.1
MAN	7.2	6.5	5.5	5.6	4.9	4.4	3.9
SASK	6.6	5.9	5.8	6.1	5.2	4.7	4.5
ALTA	6.9	5.8	5.6	5.7	5.0	4.9	4.9
BC	8.7	8.4	8.8	8.3	7.2	6.7	6.7
CAN	9.6	9.1	8.3	7.6	6.8	6.6	6.8

Source: Statistics Canada, CMHC Forecast 2001-2002.

(F) Forecast.

## Real Gross Domestic Product (annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-4.2	1.1	6.0	6.0	5.7	4.5	4.8
PEI	3.2	-1.9	3.0	3.2	4.0	2.5	2.8
NS	0.3	3.2	3.0	5.2	2.7	1.9	2.5
NB	1.3	0.4	4.0	4.2	3.8	2.0	2.5
QUE	1.4	3.3	3.0	4.7	4.7	3.0	2.8
ONT	1.1	4.9	4.1	6.1	5.9	3.9	3.8
MAN	3.0	3.4	2.9	3.0	3.3	2.7	2.5
SASK	1.9	5.2	2.4	1.1	2.8	2.5	2.5
ALTA	2.4	7.5	3.7	2.5	6.5	4.5	3.8
BC	2.8	3.3	0.9	2.1	3.4	2.5	2.0
CAN	1.5	4.4	3.3	4.5	4.7	3.4	3.2

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.  
(E) Estimate. (F) Forecast.

## Total Net Migration\* (persons)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-7934	-8414	-7752	-2245	-2750	-2500	-2000
PEI	595	-232	56	916	800	850	1000
NS	1599	527	302	2990	500	100	500
NB	-620	-1223	-2169	1293	1200	450	900
QUE	5422	-1981	475	4333	3400	2000	1000
ONT	84158	93877	70991	97202	122500	131000	126500
MAN	-1476	-4179	-1333	1757	1200	1400	1600
SASK	-588	-1473	507	-4599	-3600	-1800	500
ALTA	24722	40645	48882	23019	24000	16500	12000
BC	67505	44614	7703	21356	25000	33000	39000
CAN**	173383	162161	117662	146022	172250	181000	181000

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.  
(F) Forecast.

\* Sum of interprovincial migration, international migration, and non-permanent residents.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, structures of 3 units +
Victoria	2000	872	531	-4.5	4508	251398		1.8
	2001(F)	945	550	-2.2	4510	255000		1.4
	2002(F)	1140	680	-0.5	5120	259000		1.1
Vancouver	2000	8203	3132	-1.0	20401	378130		1.4
	2001(F)	9000	3200	1.3	21600	390000		1.0
	2002(F)	10500	3700	2.1	22500	395000		0.8
Edmonton	2000	6228	4072	2.2	14189	124203	A	1.4
	2001(F)	6250	4150	3.0	14000	129000	A	1.5
	2002(F)	6400	4250	3.0	13900	133500	A	1.8
Calgary	2000	11093	6749	2.4	19828	176305	A	1.3
	2001(F)	9950	6700	2.5	19700	182000	A	1.9
	2002(F)	9600	6500	2.3	19600	187500	A	2.0
Saskatoon	2000	968	602	1.9	2758	112567	A	1.4
	2001(F)	1150	700	2.0	2700	116500	A	1.5
	2002(F)	1200	700	2.5	2800	119000	A	1.5
Regina	2000	615	459	2.7	2612	94518	A	1.4
	2001(F)	700	500	3.5	2500	97000	A	1.5
	2002(F)	700	500	3.5	2600	99000	A	1.7
Winnipeg	2000	1317	1210	2.9	9465	88553	A	2.0
	2001(F)	1475	1225	2.5	9660	89800	A	1.5
	2002(F)	1600	1275	2.5	9660	90850	A	1.5
Thunder Bay	2000	154	141	-1.3	1279	109811	A	5.8
	2001(F)	300	190	0.0	1340	112871	A	4.0
	2002(F)	310	200	0.4	1380	113500	A	3.0
Sudbury	2000	173	169	-1.3	1825	109262	A	7.7
	2001(F)	206	180	0.0	1900	107750	A	7.5
	2002(F)	221	190	0.4	1900	108000	A	7.0
Windsor	2000	2382	1748	0.8	4616	137453		1.9
	2001(F)	2145	1600	1.9	4366	140073		1.8
	2002(F)	2100	1650	1.2	4411	142089		2.0
London	2000	1713	1198	2.8	6505	134594		2.2
	2001(F)	1790	1140	2.4	6450	137000		1.9
	2002(F)	1660	1100	1.7	6200	138500		1.5
Kitchener	2000	3509	2261	3.9	4567	157386	A	0.7
	2001(F)	3400	2400	4.4	4700	165000	A	0.8
	2002(F)	3500	2450	4.0	4750	172500	A	1.2
St. Catharines-Niagara	2000	1230	962	4.5	5405	130900		2.6
	2001(F)	1355	1000	3.5	5550	134100		2.3
	2002(F)	1410	1000	3.0	5660	137450		2.0
Hamilton	2000	3108	1884	2.6	10374	164168	A	1.7
	2001(F)	3350	1850	1.5	10200	167775	A	1.8
	2002(F)	3500	1900	2.8	10400	172800	A	1.8
Toronto	2000	38982	17119	2.7	58343	243255	A	0.6
	2001(F)	42000	18000	2.9	60000	253000	A	0.7
	2002(F)	43500	18500	2.5	58000	264000	A	0.6

## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate Structures of 3 units +
Oshawa	2000	2874	2152	n.a.	4401	164416		1.7
	2001(F)	3240	2450	n.a.	4500	171000		1.5
	2002(F)	3330	2600	n.a.	4600	175000		1.3
Ottawa	2000	5786	3494	6.8	12692	188752		0.2
	2001(F)	6458	3830	7.6	12780	200100		0.3
	2002(F)	7220	4140	4.6	13585	213700		0.5
Hull	2000	1224	768	n.a.	3230	91000	S	1.4
	2001(F)	1300	775	n.a.	3150	90500	S	1.2
	2002(F)	1225	725	n.a.	3000	90000	S	1.3
Montréal	2000	12766	6800	3.6	29555	132632	A	1.5
	2001(F)	13000	6600	4.2	28500	139000	A	1.2
	2002(F)	13000	6500	3.9	27500	146000	A	1.0
Trois-Rivières	2000	337	225	n.a.	860	77500		6.8
	2001(F)	405	230	n.a.	840	79500		6.2
	2002(F)	395	230	n.a.	840	80000		6.0
Sherbrooke	2000	515	283	n.a.	1114	91300	A	4.7
	2001(F)	560	320	n.a.	1200	92800	A	3.5
	2002(F)	640	270	n.a.	1200	94000	A	3.0
Québec	2000	2275	1262	2.1	6254	88996		1.6
	2001(F)	2350	1350	3.8	6450	91500		1.1
	2002(F)	2450	1325	3.5	6250	94000		1.0
Chicoutimi-Jonquière	2000	296	203	n.a.	750	83500	S	4.4
	2001(F)	325	215	n.a.	725	85500	S	4.2
	2002(F)	330	215	n.a.	700	87500	S	4.6
Saint John	2000	346	309	-0.2	1383	94511	A	3.4
	2001(F)	300	250	0.5	1400	92000	A	4.5
	2002(F)	325	275	0.4	1450	93000	A	4.0
Halifax	2000	2661	1373	3.3	5610	128003	A	3.6
	2001(F)	2300	1275	1.9	5350	131750	A	4.4
	2002(F)	2525	1350	2.0	5425	133000	A	4.2
St. John's	2000	935	825	2.0	2453	100763	A	3.8
	2001(F)	975	800	1.5	2475	102000	A	3.0
	2002(F)	1000	775	1.5	2425	103000	A	3.0
Charlottetown	2000	318	264	1.9	497	103435	A	2.6
	2001(F)	370	245	1.9	475	104000	A	3.0
	2002(F)	340	230	1.9	460	104500	A	4.0
ALL METRO AREAS	2000	110880	60195	3.0	235474			1.6
	2001(F)	115599	61725	2.9	236996			1.4
	2002(F)	120121	63230	2.6	235616			1.3

## Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2001-2002.  
n.a.: data not available



# Major Housing Indicators

## Seasonally Adjusted Annual Rates

### (levels and quarterly per cent change)

	99:Q1	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4
<b>New housing</b>								
Building permits, units, thousands	157.4	153.2	158.3	168.6	167.7	145.0	157.9	..
%	6.2	(2.7)	3.4	6.5	(0.5)	(13.5)	8.9	..
Housing starts, total, thousands	145.6	147.4	148.3	157.0	161.1	141.3	156.3	154.5
%	6.4	1.2	0.6	5.9	2.6	(12.3)	10.6	(1.2)
Housing starts, singles, thousands	86.5	91.5	93.3	95.8	100.4	89.8	92.1	91.5
%	(0.5)	5.8	2.0	2.7	4.8	(10.6)	2.6	(0.7)
Housing starts, multiples, thousands	59.1	55.9	55.0	61.2	60.7	51.5	64.2	63.0
%	18.2	(5.4)	(1.6)	11.3	(0.8)	(15.2)	24.7	(1.9)
Housing completions, total, thousands	147.0	132.1	139.3	146.4	150.9	145.2	149.4	138.9
%	12.6	(10.1)	5.4	5.1	3.1	(3.8)	2.9	(7.0)
New house price index, 1992=100	100.4	100.6	101.1	101.8	102.3	102.9	103.5	..
%	0.1	0.3	0.4	0.7	0.5	0.6	0.5	..
<b>Existing housing</b>								
MLS resales, units, thousands	318.7	352.5	346.3	323.4	341.3	332.5	335.9	..
%	3.0	10.6	(1.8)	(6.6)	5.5	(2.6)	1.0	..
MLS average resale price, \$C thousands	154.7	157.4	158.9	161.2	162.2	162.5	164.8	..
%	0.6	1.7	0.9	1.5	0.6	0.2	1.4	..
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	401.5	406.7	411.2	414.1	420.1	427.2	430.7	..
%	0.7	1.3	1.1	0.7	1.5	1.7	0.8	..
Mortgage approvals, \$C billions	80.9	85.3	79.8	67.5	68.6	72.2	..	..
%	13.7	5.5	(6.4)	(15.4)	1.7	5.2	..	..
1-year mortgage rate, per cent*	6.42	6.45	6.97	7.35	7.63	8.03	7.90	7.83
5-year mortgage rate, per cent*	6.92	7.32	7.75	8.25	8.48	8.52	8.25	8.15
<b>Residential investment**</b>								
Total, \$1992 billions	42.8	44.0	44.5	45.8	46.0	44.9	45.6	..
%	4.0	2.8	1.2	2.8	0.6	(2.4)	1.5	..
New, \$1992 billions	21.4	21.8	22.4	23.5	23.1	22.0	22.3	..
%	4.7	2.0	2.5	5.0	(1.7)	(4.8)	1.4	..
Alterations, \$1992 billions	14.2	14.4	14.2	14.8	15.3	15.4	15.6	..
%	4.5	1.5	(1.4)	4.7	2.9	0.7	1.7	..
Transfer costs, \$1992 billions	7.2	7.8	7.9	7.4	7.7	7.6	7.7	..
%	1.2	7.6	2.1	(6.4)	3.1	(1.4)	1.2	..
Deflator, 1992=100	110.8	112.0	111.7	112.5	114.0	114.3	114.0	..
%	0.9	1.1	(0.3)	0.7	1.3	0.3	(0.3)	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.



# MHC HOUSING

## OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

### Starts remain resilient in 2001-2002

#### Overview

#### Starts:

2001: 158,600

2002: 157,700

#### Resales:

2001: 341,300

2002: 341,900

**Starts:** Expect starts to rise this year and remain strong in the next. Despite the recent cooling of the North American economy, lower mortgage rates, favourable labour markets, income growth, rising migration, and stronger house prices continue to encourage residential construction in 2001.

**Resales:** With increased demand from first time buyers in several markets, sales of existing homes will continue to reach record levels, posting solid growth this year and up marginally in 2002.

**Prices:** Look for resale price growth to remain strong this year. Gains will moderate somewhat in 2002, but remain healthy.

Details on page three.

### Second Quarter, 2001

3	<b>NATIONAL OUTLOOK</b>
4	<b>TRENDS IMPACTING HOUSING</b>
6	<b>SPECIAL REPORT: MEDIUM-TERM OUTLOOK</b>
9	<b>PROVINCIAL REPORTS</b>
9	British Columbia
10	Alberta
11	Saskatchewan
12	Manitoba
13	Ontario
14	Quebec
15	New Brunswick
16	Nova Scotia
17	Prince Edward Island
18	Newfoundland
19	<b>FORECAST TABLES</b>

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.

### The Nation's HOT SPOTS

**Alberta:** Housing starts will remain hot on the coat-tails of the oil and gas industry. (See Page 10).

**Ontario:** The housing sector has demonstrated strong momentum in the face of an uncertain economic environment. (See Page 13).

**Quebec:** Strong economic performance and a decrease in the inventory of existing homes will drive up housing activity this year and next. (See Page 14).

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact Ginette Godward at (613) 748-2006 to get your copy sent to you by e-mail.





## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2006, fax: 613 748-4069

To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST

Single issue \$40 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)>

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2001 Canada Mortgage and Housing Corporation  
All rights reserved.

ISSN 1488-6537

Product # 61500-2001-Q02

#### Upcoming PDF Release Dates

**Third Quarter — July 17**  
**Fourth Quarter — October 17**

# National Housing Outlook

## In Detail

### Multiples strong this year

Look for multiple starts to increase more rapidly than singles this year. Apartments will account for all the growth this year thanks to gains in Quebec, Ontario, and B.C.. Next year, multiple construction will ease but remain robust in comparison to the late 1990s.

### Multiples hot in many areas this year

Newfoundland, P.E.I., Manitoba, and Saskatchewan will register double-digit growth in multiple starts in each of the next two years. New Brunswick, Quebec, Ontario, and B.C. will also post strong gains this year, but growth will slow or turn negative in these provinces next year.

### Rental construction up, condos variable

Low rental vacancy rates will help trigger stronger rental construction in 2001 and 2002, but starts will remain at relatively low levels. Construction of condominiums will also increase this year but drop next year mainly on account of reduced activity in Ontario.

### Singles up outside Atlantic this year

Growth in single starts will pick up this year, before leveling off next year. In 2001, construction will be down in all Atlantic provinces and Manitoba and up everywhere else. Although starts will rise steadily in B.C., gains will not make up for the drop that occurred last year. After strong performances this year, growth next year will slow in Quebec, Ontario, Saskatchewan, and Alberta.

### Record resale numbers this year

Despite scarce listings in some markets, strong demand and lower mortgage rates will lift resales to record levels in the next two years. Records will be set this year in Newfoundland, Quebec, Ontario, and Alberta.

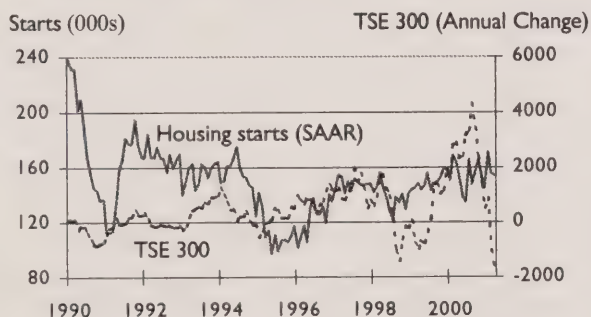
### Prices up everywhere in 2001 and 2002

Resale prices will be up in all provinces. Look for price gains above the rate of inflation in Quebec, Ontario, Saskatchewan, and Alberta.

## Spotlight on the STOCK MARKET

### Is there a connection to the housing market?

Stock markets and housing starts



Source: CMHC, Statistics Canada.

SAAR — seasonally adjusted at annual rates.

Since peaking late last summer, the TSE 300 Index has lost more than 30 per cent of its value. What effect might the loss of wealth arising from declining equity markets have on housing markets?

It is in fact difficult to establish any statistical relationship between changes in stock markets and the rate of housing construction. The likely reason is that most of the funds invested by households in the stock market are not earmarked for housing expenses.

Instead, households with money in stocks likely have long investment horizons. As such, any effect of turbulent equity markets on housing markets is apt to be indirect, through reduced consumer confidence, rather than a direct result of reduced wealth.



# Trends Impacting Housing

## Positive Impact

- *Mortgage rates easing*
- *Employment and incomes grow*
- *Tax cuts*

## The Economy

With real GDP in the U.S. increasing at an annual rate of 1.0 per cent in the fourth quarter of 2000 compared to 2.2 per cent in the third quarter, and recent slowdown in the manufacturing sector, concerns remain about the U.S. economy over the short-run. Meanwhile, Canada saw it's economy growing at a 3.2 per cent annual rate as of January 2001, with many indicators remaining strong.

Despite the latest GDP growth figures, the Canadian economy, notably the manufacturing sector is feeling the effects of the U.S. slowdown. The U.S. and Canadian slowdown will extend through the first half of 2001, with growth picking up by year end as a result of lower interest rates. Expect 3 per cent growth in Canada in 2002

## Mortgage Rates

Inflation concerns have been replaced by those related to the slowing of the economy, leading to an easing of interest rates in Canada and the U.S. earlier this year. Expect mortgage rates to ease further this year and remain low in the next. Through the end of 2002, look for one-year rates in the 6.25-7.25 per cent range, three-year rates between 6.5 and 7.5 per cent, and five-year rates from 6.75 to 7.75 per cent.

## Consumers

Although consumer confidence indices decreased marginally in the first quarter, retail trade and consumer expenditure were both up by the end of 2000 and should remain strong given a backdrop of rising disposable incomes and tax cuts. Recent volatility in equity markets could produce some uncertainty but should not unduly dampen the mood of consumers.

## What to Watch For

- *Economy moderating*
- *Migration to Ontario and Alberta*

## Employment and Incomes

In 2000, Canada continued to see healthy labour markets with significant employment gains in the second half of the year. Due to lagged effects, housing demand will be supported by the strong job creation of the past two years.

So far in 2001, job gains were seen across most areas of the economy, with the majority of increases in part-time jobs. With economic growth moderating, expect employment growth of 1.7 this year, rising slightly to 1.8 in 2002. Productivity gains, reflecting strong business investment, are containing per-unit production costs and allowing wages to rise.

Thanks to job growth, wage gains, and tax cuts, look for robust disposable income growth this year and next. The federal government's five-year tax cut package, taking effect this year, will be positive in this regard.























## Migration

Immigration has rebounded after falling in 1998. Net international migration rose in 2000 to over 161,000 and is expected to remain strong in 2001. Increased arrivals will mainly benefit construction in the four largest provinces. Since immigrants tend to rent when first arriving, housing markets will also benefit from the large influx of immigrants in the early 1990s, many of whom will be looking to buy homes in coming years.

In 2000, Alberta and Ontario were the top destinations for interprovincial migrants. Look for these two provinces to keep attracting migrants in coming years, while outflows from B.C. and Quebec continue.

# Trends at a Glance

## Key factors and their effects on home building

Factor	Comment	Impact	
		2001	2002
Mortgage rates	Easing this year and staying low next year.		
Employment	Past gains continue to fuel housing demand. Modest gains in 2001 and 2002.		
Incomes	Will benefit from healthy labour market and tax cuts.		
Net migration	Higher in both 2001 and 2002.		
Household formation	Should increase as a result of improved net migration and job and income gains. More individuals and families can afford to live independently.		
Consumer confidence	Expected to stay near current high levels.		
House prices	Rising prices stimulate construction, while affordability remains high given income gains and lower mortgage rates.		
Unoccupied units	Low inventories a positive signal to builders.		
Vacancy rates	Low rates trigger multiple construction.		
Construction costs	Increasing labour costs expected to outweigh moderating material costs.		
Profits	House prices expected to rise faster than combined costs of labour and materials.		



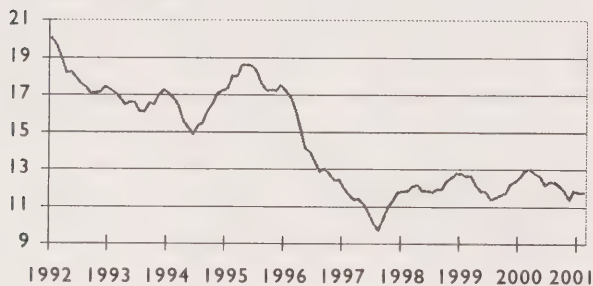
# Special Report: Medium-Term Forecast

From now until 2005, new home construction will benefit from favourable economic conditions and steady international immigration. In the short term, most provincial housing markets will manage to get through the economic slowdown without much difficulty.

Due to a work stoppage that disturbed the Toronto market at a critical time in the spring, housing starts were disappointing in 2000 in relation to expectations that had been motivated by a very favourable economic context. As a result, 151,653 units (+1.1 per cent) were started in Canada during 2000. In 2001,

## New and Unoccupied Dwellings

Thousands of units



Source : CMHC

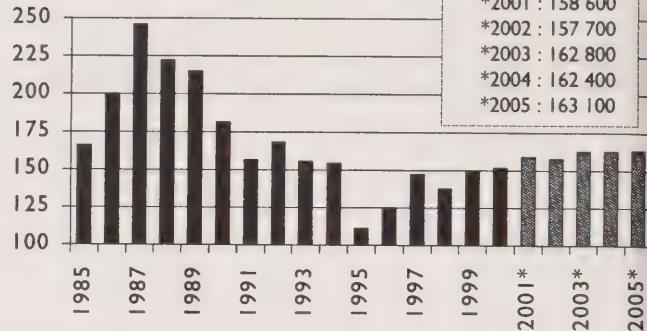
housing markets will again be supported by the small inventory of new homes and the low rental housing vacancy rates in most metropolitan areas. Despite the U.S. economic slowdown, housing demand is sufficiently strong in Canada for the residential construction sector to post a gain this year. In fact, the housing market has rarely been so well prepared to absorb an economic shock, with the drop in mortgage rates and household income still on the rise due to tax cuts.

## Major indicators

A few concerns subsist for 2002: the growth in housing demand will take a break, as a slowdown in job creation in 2001 will be felt on housing starts, particularly in Ontario. Our housing starts forecast nevertheless reflects our expectations of a recovery in economic growth in North America as of 2002. The Canadian GDP growth rate should go back up to at least 3.0 per cent starting in 2002. After the current economic slowdown, the unemployment rate should resume its downward course and reach approximately 6.7 per cent in 2005. Employment growth will speed up, after bottoming out this year at 1.7 per cent, peaking at a pace of 2.2 per cent in 2005.

## Total Housing Starts, Canada

Thousands of units



Source : CMHC.

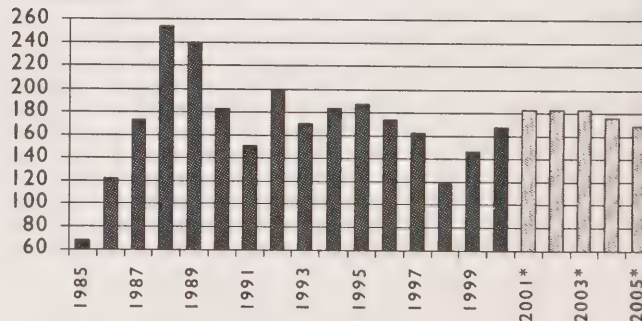
\* forecast.

## High level of immigration

Our housing starts forecast is also based on a continued high level of international immigration. With annual immigration targets having been raised to 235,000 persons, and labour shortages prevailing in several business sectors, immigration will play a key role in the housing demand trend over the next few years. Ontario and, to a lesser extent, British Columbia, Quebec and Alberta, the main destinations of international migrants, will see this as stimulating their housing markets. Total net migration levels should hover between 165,000 and 185,000 people until 2005.

## Total Net Migration, Canada

Thousands



Sources : Statistics Canada, CMHC.

\* Forecast.

## Regional details

The strength in residential construction will not be felt to the same degree in all provinces over the next five years. The growth expected through 2002 will be mainly attributable to Ontario, which should receive a large contingent of interprovincial and international migrants. British Columbia will then take the lead as the economic health of its traditional export markets recovers.

## Newfoundland

Despite the rapid economic growth owing to the development of the oil industry, labour market conditions remain weak, resulting in a continuation of Newfoundland residents leaving the province over the next few years. Still, the major energy projects should stabilize housing demand at healthy levels.

## Prince Edward Island

Like the other Atlantic provinces, Prince Edward Island will have to face the aging of its population over the next few years. This phenomenon will be all the more appreciable in that the province receives a significant number of retirees from other provinces. The current housing stock on the Island is not meeting the needs of these growing groups, and a strong demand for apartments and row homes is expected.

## Nova Scotia

Residential construction will be stable in Nova Scotia over the next two years, before picking up again as of 2003 as a result of the expected rise in household disposable income and the development of new energy resources.

## New Brunswick

The spin-offs from the development of gas pipelines should soon take over from a series of major job sites coming to an end in

the province. New Brunswick continues to face the challenge of its young people emigrating, but this is being offset by the arrival of households aged over 45 years whose housing needs represent many opportunities for the province's industry.

## Quebec

The Quebec economy will remain healthy thanks to an increasingly diversified industrial structure. In the short term, low inventory levels will limit the effects of the American economic slowdown. Housing starts should rise until 2003 before falling back down on account of declining household formation.

## Ontario

With its great appeal to immigrants and powerful economy, Ontario will post over 70,000 housing starts per year until 2005. The different international immigration scenarios retained for Ontario's demographic projections over the next five years show that household formation will range from 60,000, for a weak scenario, to 85,000, in the case of a strong scenario. International migration inflows close to current levels would allow for the formation of 74,000 households per year.

## Total Housing Starts, Canada and provinces

	1999	2000	2001*	2002*	2003*	2004*	2005*
Newfoundland	1 371	1 459	1 550	1 575	1 550	1 575	1 600
Prince Edward Island	616	710	675	670	625	650	700
Nova Scotia	4 250	4 432	4 000	4 000	4 250	4 500	4 650
New Brunswick	2 776	3 079	3 035	2 975	2 850	3 000	2 800
Quebec	25 742	24 695	26 200	26 500	26 700	26 300	26 000
Ontario	67 235	71 521	76 000	74 000	77 000	75 000	73 000
Manitoba	3 133	2 560	2 635	2 900	2 700	2 780	2 800
Saskatchewan	3 089	2 513	2 850	3 000	2 750	2 850	2 850
Alberta	25 447	26 266	26 150	25 775	25 400	25 750	25 700
British Columbia	16 309	14 418	15 500	16 300	19 000	20 000	23 000
Canada	149 968	151 653	*158 600	*157 700	*162 800	*162 400	*163 100

\* Forecast. Totals rounded

Contact: Philippe Le Goff (613) 748-2933 [plegoff@cmhc-schl.gc.ca](mailto:plegoff@cmhc-schl.gc.ca)



### Manitoba

Manitoba's diversified economy and slightly negative, but stable, net migration level will allow this province to record an annual level of housing starts very close to the 3000-unit mark until 2005.

### Saskatchewan

Although it will post slower growth than the Canadian average, the Saskatchewan economy will continue to create jobs over the next few years and, by the same token, reduce its migration deficit in relation to the other provinces. As a result, housing starts will keep hovering around 3,000 units over the next five years.

### Alberta

In a strong position on account of its average economic growth of 3.5% until 2005 and counting on the expansion of its oil sector, Alberta will continue to attract a large contingent of national and international migrants. Its competitive tax environment and dynamic labour market will also favour economic growth and household formation, and this should bring about strong housing demand over the next few years.

### British Columbia

The residential construction recovery will be slow in British Columbia. The province will have to contend with neutral or slightly unfavourable interprovincial migration flows, which is partly due to the province's economic conditions relative to its two main competitors: Alberta and Ontario. From now until 2005, the development of resorts and niches such as retirement housing and upscale properties have the greatest growth potential, while resource area markets will remain weak.

### Forecast risks

The main risk associated with the performance of Canadian housing markets resides in the pace at which the American economy will grow over the next five years. Although a rapid recovery of the U.S. economy is expected, should it stagnate for a longer than expected period, the Canadian economy and housing markets would end up sustaining more significant adverse effects. The following are other factors that could make conditions gloomier on Canada's housing markets:

- **Lower than expected international migration.** A lower net migration level would dampen housing activity in British Columbia and Ontario.
- **Oil crisis.** A new and persistent increase in oil prices would have repercussions on production costs, inflation and the economy in Ontario and Quebec in particular while, on the contrary, Newfoundland and Alberta would do well.
- **Labour conflicts.** As was observed in 1998 and 2000, selective work stoppages are possible and have a significant impact on annual forecasts, but without affecting demand over the longer term.
- **Trade disputes with the United States.** The terms and conditions of softwood lumber trade with the United States would most likely affect both the price of materials used in residential construction and the economic vitality of many resource areas across Canada. The impact of potential retaliatory measures on Canadian lumber on the part of the United States would be limited, however, to certain resource areas.

## A repeat of the late 1980's boom is not expected

The annual volume of starts will not return to the levels recorded in the late 1980s, at the height of the previous economic cycle. Market participants should consider a performance of around 160,000 starts per year as a good one, given the following projected demographic and housing construction trends:

- The late 1980s marked the massive arrival of young baby boomers on the real estate market, with a resulting high level of new household formation. Conversely, the period from 1996 to 2001 was characterized by an annual decrease of about 40,000 households in the prime age group of 25 to 34 years. For the period from 2001 to 2006, there will be few new households in this key age group.
- The end of the 1980s also featured a large increase in international immigration in Canada. While an average of 135,000 immigrants were admitted into Canada between 1973 and 1984, this level jumped to 208,000 persons on average between 1987 and 1993, the year when the peak of 255,000 newcomers was reached. Immigration should remain at the upper end of the target range of 235,000 immigrants per year.
- The housing market no longer builds up inventories as it did during the period from 1987 to 1992. While it may not generate large starts figures, this tighter management of the supply smooths out fluctuations related to economic cycles.



# British Columbia

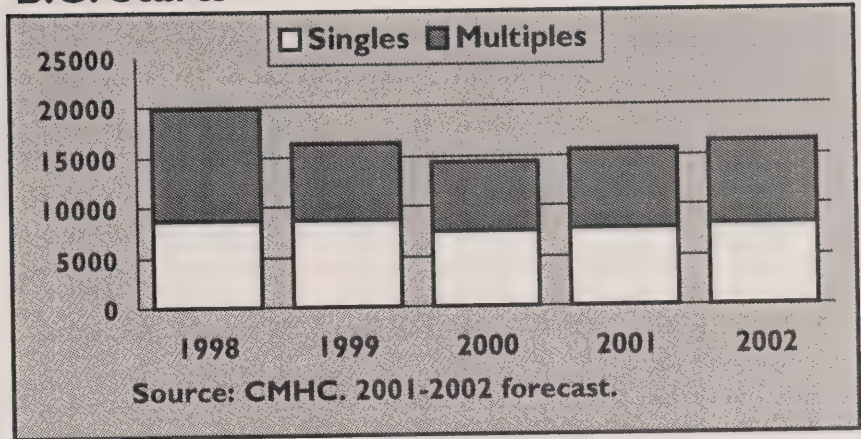
## Overview

### Modest recovery expected in 2001.

Housing starts will rise in B.C. as market conditions have bottomed out and demand is picking up. Invigorated by declining mortgage rates, an increasing number of first-time buyers will look for opportunities to shift from rental housing to homeownership. Look for developers to respond by supplying more starter housing aimed at young couples.

While most prospective buyers favour single-detached homes, those wanting to live in central locations will likely have to settle for multiple housing, since prices of single homes in urban markets are beyond the reach of most first-time buyers. Growing consumer interest in condominiums will result in a recovery in the multiple-family housing market. In addition, there is currently stronger market interest in supplying purpose-built rental housing.

## B.C. Starts



Demand for high quality, new housing will persist. These units have very high finishings and are typically priced at, or above, the \$500,000 mark. The strongest markets for condominiums include urban waterfront locations of **Vancouver** and **Victoria**. West Vancouver, North Vancouver and Vancouver's west side are preferred markets for custom-made single-detached homes. **Kelowna** will continue to attract buyers for high-end properties located next to golf courses. In **Whistler**, "quarter-share" condominiums and top-quality, single-detached homes priced near the \$1 million mark will have strong market appeal.

## In Detail

**Single Starts:** Starts should turn up in 2001 as developers look to build more affordable starter homes on small 25 - 30 foot lots in suburban markets. The high end of the market and custom homes will increase in popularity as baby boomers look to build their dream homes.

**Multiple Starts:** Multiple starts will also begin to rise this year, but levels are down by more than 50 per cent from the mid-1990s. Demand for low-rise, wood-frame products is still weak, but demand is growing for high-rise and town home condominiums. A revival of rental construction will contribute to the growth in multiple starts.

**Resales:** The MLS market should hold its own in the next two years. Any increase in sales will come from first-time buyers taking advantage of low mortgage rates. Demand from other groups, such as baby boomers, move-up buyers, and new immigrants will remain relatively unchanged.

**Prices:** With demand rising, vacancy rates low, and mortgage rates falling, prices will continue to rise in 2001. Modest gains in average resale prices will ensure that B.C. remains the most expensive place to live in Canada.

## Spotlight on RENTAL HOUSING

Rental vacancy rates fell by more than 50 per cent in most neighbourhoods of B.C.'s principal urban markets. **Vancouver** and **Kelowna** are the two tightest markets in the province with some sub-markets recording few vacant units for rent.

Developers report that there are currently two sources of strong demand for rental housing: younger households with maintainers aged 18 to 30 and older households with maintainers aged 65 and over.

New rental supply will be geared toward smaller units with a high level of amenities located close to transit. Inclusion of pre-wired internet connection in the rent is expected to become as common a practice as providing a refrigerator or range.



# Alberta

## Overview

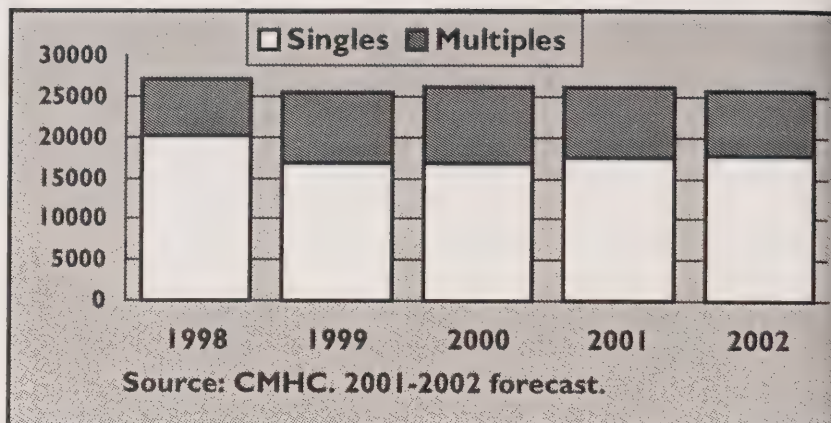
### Housing market maintains solid performance.

A key indicator of the health of an economy is the state of its labour market. Currently, this market is recording its best performance in nearly 20 years. During the fourth quarter of 2000, the unemployment rate in Alberta averaged 4.6 per cent, more than two percentage points lower than the national average of 6.9 per cent.

The labour market will continue to benefit from favourable economic factors over the next two years. Thanks to firm oil and natural gas prices, increased manufacturing exports, and strong levels of domestic consumer demand, the economy will continue to expand faster than the national average in 2001 and 2002.

The province's robust labour market, vis à vis other provinces, will continue to attract

## Alberta Starts



workers from other parts of the country and the rest of the world. It is anticipated that over 40,000 people will move to Alberta by the end of 2002. **Edmonton** and **Northern Alberta** will compete with **Calgary** for these new residents.

The favourable job market, continued high levels of migration, increases in disposable income due to tax cuts, and lower mortgage rates will maintain demand for new and resale housing. Consequently, these markets will perform close to, or slightly above, the levels seen over the past five years. About two-thirds of total starts and 80 per cent of resales will take place in **Calgary** and **Edmonton**.

## In Detail

**Single Starts:** Construction in **Calgary** and **Edmonton** will remain close to levels seen over the past two years. Look for most of the gains in single starts to take place outside these two centres.

**Multiple Starts:** Consumers increasingly view multi-family homes as affordable alternatives to single-detached homes. As a result, multiple starts rose from about 22 per cent of total starts in 1996 to about 35 per cent in 2000. However, the surge in construction has led to higher inventory levels. Consequently, multiple starts will not match the performance of the past year, but construction will remain above the average of the past five years.

**Resales:** Strong consumer confidence, declining mortgage rates, and a greater selection of listings will contribute to strong sales. In addition, demand among first-time buyers will rise as landlords raise rents in response to higher electricity and gas prices.

Look for a modest increase in resales to a new record this year.

**Prices:** Over the past year, most of the resale markets in the province have moved from favouring sellers to balanced conditions. Price gains are expected to moderate over the next two years. The average resale price in **Calgary** will continue to outstrip prices in **Edmonton** by over \$50,000.

## Spotlight on CONDOMINIUMS

It appears that the rise in the price of single-detached homes has not reduced the desire of Albertans to own their homes. Rather than remain in rental housing, an increasing number have chosen condominium ownership as an affordable alternative.

In 1990, condominium starts accounted for about 10 per cent of total urban starts. By the end of the decade, this share had risen to nearly 29 per cent. The share of rental starts remained stable at about five per cent over this period.



# Saskatchewan

## Overview

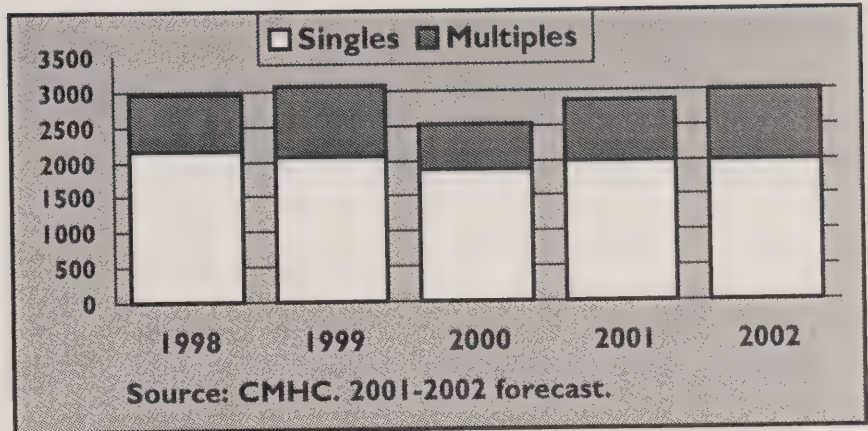
### Modest housing market recovery expected.

A tight labour market, a decline in taxes, and lower interest rates will have a positive impact on consumer confidence, spending, and housing. The rebound in housing starts, however, will be moderated by the province's economic outlook.

The manufacturing sector sounded a bright note for the economy in 2000. Total manufacturing shipments were up almost 17 per cent, with the United States accounting for a significant portion of the demand. Given the slowdown in the U.S. economy, the demand for manufactured goods is likely to slow from the pace of 2000, although the low value of the Canadian dollar should help support exports to the U.S.

There is also a potential decline in investment spending on the horizon. According

## Saskatchewan Starts



to the most recent Statistics Canada survey of public and private investment intentions, overall capital spending in Saskatchewan is expected to decline by about one per cent in 2001.

Migration trends remain important to Saskatchewan housing, with net out-migration in 2000 exceeding 7,000 people. The outflow fuelled skilled labour shortages, affected school enrollments, cooled resale markets, and raised the provincial vacancy rate slightly. Net out-migration will continue over the next two years, although the pace should be slower than in 2000.

## In Detail

**Single Starts:** Starts will rise six per cent in 2001 and remain stable in 2002. Some builders are targeting first-time buyers and others seeking more affordable housing by offering smaller homes with modest features. Less expensive land in bedroom communities close to major centres has also allowed builders to deliver a more affordable product appealing to a larger number of buyers.

**Multiple Starts:** Multiple construction will recover from the low in 2000. The market for condominiums and assisted-living rental units suitable for retirees is small but growing, given the rising number of retirement-aged households looking for a more carefree lifestyle.

**Resales:** Higher out-migration and a fickle job market reduced resales last year. In addition, lower-priced new homes are providing home buyers with an alternative to the existing home market. Nevertheless,

steady job growth and rising rents will bring about a return to sellers' market conditions in some resale markets in 2001 and 2002, while others will see balanced market conditions prevail. Resales will be flat overall.

**Prices:** Persistent shortages of good-quality resale homes will continue to contribute to price increases, although the pace has slowed in recent years. Look for moderation in vendor demands as buyers become more resistant to higher prices and many consider the alternative of purchasing a new home.

## Spotlight on MIGRATION

A rise in out-migration in 2000 had a noticeable effect on rental and resale markets. At 7,350, the net loss of population was the largest since 1992. Before then, the province experienced net losses of less than 5,000 persons in 1999 and net in-migration of just over 500 persons in 1998.

We expect slowing economic growth in Alberta and a steady job market in Saskatchewan to reduce out-migration. An aging, less mobile population will further contribute to improved migration trends.



# Manitoba

## Overview

### Focus remains on single-detached market.

Concern is rising over the slowdown in the U.S. economy, but a diversified economy and the low value of the Canadian dollar will help shield Manitoba from the American downturn. Economic growth will slow to about 2.5 per cent this year before recovering slightly to about 2.8 per cent in 2002.

Continued economic growth will translate into job gains and an unemployment rate that will remain close to or below the five per cent level. A shortage of skilled labour in key industries will put upward pressure on wages. The resulting wage gains combined with declining mortgage rates should have a beneficial impact on the demand for existing and new homes.

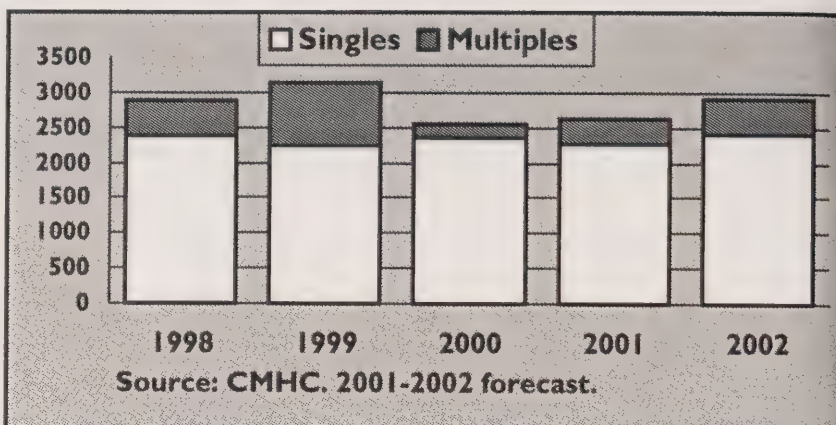
## In Detail

**Single Starts:** Strong demand from the resale market will continue to spill over into the new market. As a result, single starts will maintain the pace of the past three years. About 55 per cent of these starts will take place in **Winnipeg**.

**Multiple Starts:** After reaching a 10-year high in 1999, multiple starts dropped in 2000. Starts will rebound slightly this year and edge up closer to the average for the last ten years in 2002. Much of the demand for this type of housing will come from the life-lease market, which has been gaining in popularity for those aged 55 years and over.

**Resales:** MLS sales declined slightly last year due to a lack of listings. Although higher incomes and lower mortgage rates should spur greater interest in the resale market from first-time and move-up buyers, the ongoing shortage of listings will keep annual sales around the 11,000 mark over the

## Manitoba Starts



Another positive for housing demand is improvement in net migration. In the past two years, gains through international migration have offset losses from interprovincial migration.

Most of the positive impact of higher incomes, lower mortgage rates, and improved migration levels will be felt in the single-detached market. Given the current lull in multi-family construction, it is quite unlikely that total starts will exceed the 3,000 mark, a level that has been reached only three times in the past 10 years.

next two years.

**Prices:** Manitoba has one of the most affordable resale markets in the country. An ample supply of homes at the lower end of the price range will limit price gains to annual increases of about one per cent.

## Spotlight on MOVE-UP BUYERS

Since 1997, employment in Manitoba has increased by 28,000, while personal disposable income has risen by 12 per cent. The gains in jobs and incomes have spurred demand from move-up buyers.

Due to limited choice in the resale market, an increasing number of move-up buyers have begun to buy new homes. In 1997, about 30 per cent of new home sales took place in the \$150,000 to \$200,000 price range. In 2000, this share had increased to nearly 52 per cent.



# Ontario

## Overview

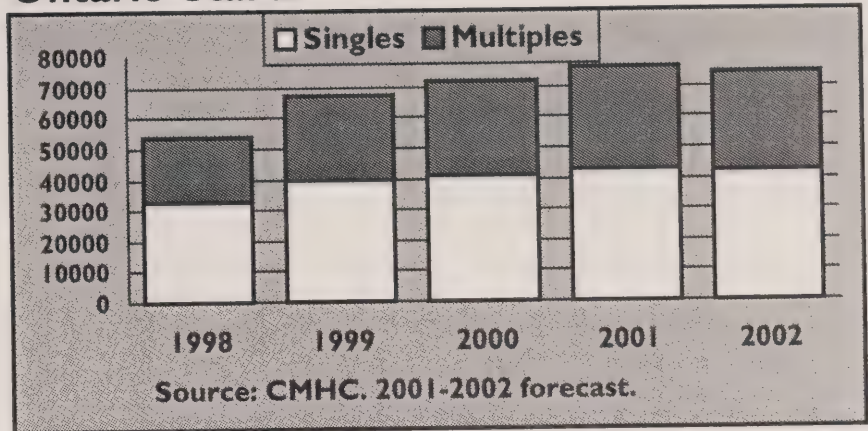
### Housing demand holding up.

The housing sector has been resilient in the face of an uncertain economic environment induced by volatile stock markets and economic sluggishness in the United States. Construction has maintained a strong pace so far this year, with housing starts essentially flattening close to an eleven-year high.

After four years of rapid expansion, Ontario's economy has hit turbulence. Many leading indicators for Ontario flattened at high levels and edged lower in recent months. Expectations of auto sector layoffs and lower exports to the U. S. are a concern to Ontario's manufacturers.

Jobs dipped in February and will grow slower until low interest rates and a low Canadian dollar eventually lift employment. The impact of slower job growth will be felt with a lag and will likely linger next year.

## Ontario Starts



Immigration will add to housing demand. Last year, the net gain reached levels not seen since 1989. Strong inflows of newcomers from abroad and from other parts of Canada will continue. Migrants usually take time to become established and tend to rent initially. Demand for ownership homes peaks several years after their arrival.

Housing starts will rise to 76,000 this year before retreating to 74,000 in 2002. Construction levels will approach, but will not attain, the peak reached in the 1980s boom years. Reasons for the lower construction peak include economic volatility and an older population which often already owns homes and moves less often.

## In Detail

**Single Starts:** Single starts usually lag resale numbers by between three and seven months. With resales up so far this year, look for single starts to inch up this year before flattening next year.

**Multiple Starts:** Growth in multiple starts will outpace that of singles, a common development during periods when home prices move up. New multiple homes are an affordable substitute for single-detached homes. Condominium sales have been brisk. Most of the province's multiple construction will be in ownership homes: town homes and condominium apartments.

**Resales:** Low interest rates, affordable mortgage carrying costs, and tight rental markets will ensure strong first-time buyer activity. Move-up buyers will remain active.

**Prices:** Expect further price increases. High sales-to-new-listings ratios imply that resale

markets are tight across most of Ontario. The strongest increases will be in the tightest resale markets — **Ottawa, Kitchener, Oshawa, and Toronto**. Price gains will be modest to moderate, slightly above the general rate of inflation.

## Spotlight on OTTAWA

### Ontario's hottest market

The Ottawa housing market shows few signs of slowing. Rental vacancy rates are the lowest in the country. Builders are operating at capacity just to satisfy demand from last year. Resale home markets are very tight, with monthly MLS sales at the end of 2000 surpassing new listings, an extremely rare occurrence. House price and rent increases have surpassed national averages.

Despite work-force adjustments in the high-tech sector, 2001 will be another year of strong growth in home sales and construction. Builders will construct several large new condominium projects in response to a resurgence in sales and prices of apartment condominiums.



# Quebec

## Overview

### Residential construction will do well despite economic slowdown.

Residential construction will post gains both this year and next year. The solid performance of the labour market in the last few quarters and the depletion of the number of properties for sale and units for rent are factors that will support this increase. In Quebec, the impact of the North American economic slowdown will be less significant than in the early 1990s since the province now exports more products that are less sensitive to economic cycles. Tax cuts will also help cushion the effects of the economic downturn. Economic growth will fall to 2.7 per cent in 2001 and then reach 3.0 per cent in 2002.

Over the next few years, job creation will

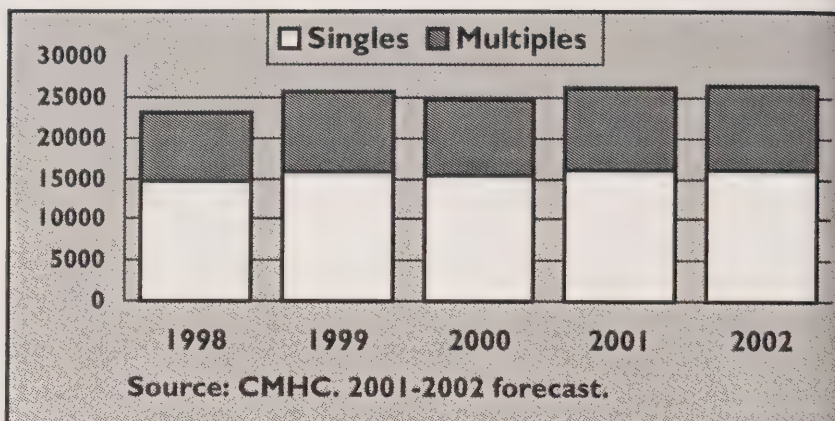
## In Detail

**Single Starts:** Low inventories of new and existing homes, the good performance of the job market, increasing disposable income, and affordable mortgage rates will buoy residential construction. Starts will reach 16,000 units this year and 16,100 in 2002.

**Multiple Starts:** The low vacancy rate observed in Quebec will be the main incentive for multiple starts. The retirement home market is also favoured among investors, and this trend will be maintained over the next few years with the aging of the population. Thanks to improved demand for condominiums in Montréal, starts of this type of housing will peak in 2001 before slowing next year.

**Resales:** The number of properties for sale is down, and there is increasing pressure on prices. Sales will continue to rise over the next two years, but at a slower pace as a result of more moderate employment growth and a more limited choice on the existing home market. Here too, affordable mortgage rates will encourage households to become homeowners.

## Quebec Starts



remain positive, despite a slower pace. The unemployment rate will fall progressively, reaching 8.3 per cent in 2001 and 8.0 per cent in 2002. The rental market is very tight in Quebec with a vacancy rate of 2.2 per cent. In the three large metropolitan areas (**Hull, Montréal and Québec**), the vacancy rate is under 2.0 per cent, and a further decrease is anticipated in 2001 creating opportunities and launch new residential construction projects.

**Prices:** The resale market, increasingly favourable to sellers, will put upward pressure on the average price of existing homes, which will rise by 4.7 per cent this year and 4.3 per cent in 2002.

## Spotlight on New and Unoccupied Home Inventory

In several metropolitan areas, the number of unoccupied units is at its lowest level in a decade. Whether they are undertaking single-detached houses, rental units or condominiums, builders seem cautious and want to make sure that their projects will be viable before launching them.

In Montréal, the number of completed but unoccupied units is four times lower than it was at the beginning of the decade. In fact, in December 2000, there were 1,413 vacant new dwellings in the area, well below the 6,625 units recorded in December 1990.

In the Québec metro area, this phenomenon is even more pronounced. In all, 169 new units were unoccupied in December 2000, nearly seven times fewer than the 1,121 units observed in 1990.

In these two cities, it was the rental sector that posted the greatest decreases over this period.



# New Brunswick

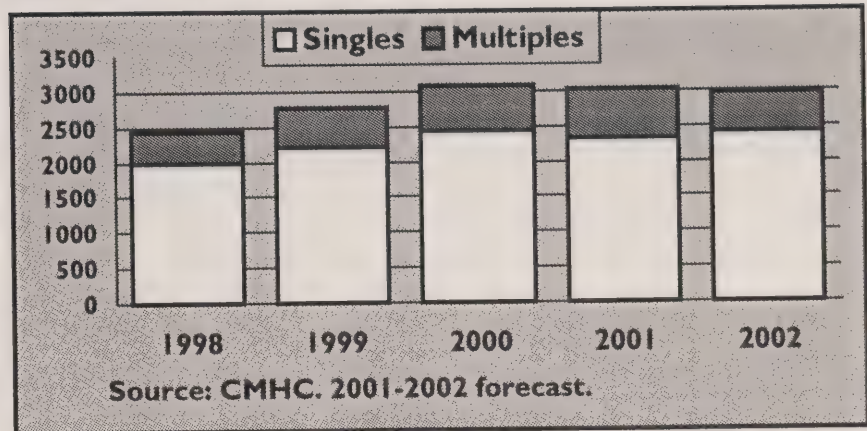
## Overview

### Healthy labour market and migration support housing demand.

Development of a pipeline network to transport natural gas from the Sable Island project to all regions of New Brunswick will continue over the next several years. However, expansion of the Irving Oil refinery is now completed, and work on the new Moncton-Fredericton highway is coming to an end. Winding down of mega-projects combined with weakening U.S. demand for manufactured goods and lumber products will produce more moderate economic growth this year and next year.

Employment growth over the forecast period will not match the pace set last year. Job growth will only reach 1.4 per cent in 2001 before slowing down to 0.9 per cent

## New Brunswick Starts



in 2002. Nonetheless, unemployment levels are near record lows in all three major centres. As a result, more and more employers will be recruiting outside the province to fill the 7,700 new jobs expected over the next two years. Positive net migration of 1,000 and 700 people in 2001 and 2002 respectively will help to sustain demand in the rental and new home markets. Expect total housing starts to exceed 3,000 units again this year before declining slightly in 2002.

## In Detail

**Single Starts:** Despite a slight drop this year, construction will remain strong in historical terms. Thanks to an influx of workers in the southern regions of the province, new home construction will remain strong in all three major centres. Greater **Moncton** will continue to lead the province over the next two years, but expect growing demand for new homes in **Fredericton** and **Quispamsis**.

**Multiple Starts:** Record-low vacancies in all three major centres combined with strong demand will increase construction of multiple dwellings this year. Multiple starts are expected to rise to 700 units this year before dropping to 570 units in 2002.

**Resales:** Despite strong demand, in part due to in-migration, a slight drop in active listings will keep MLS sales from surpassing the record set last year. The industry will have to wait until 2002 before establishing a

new record.

**Prices:** Strong demand and limited listings will produce modest price gains this year and next.

## Spotlight on RENTAL MARKETS

### Vacancy rates drop to record lows

Labour market conditions in all three major urban centres have attracted a large number of workers from all northern regions of the province. Rental demand has grown faster than supply. As a result, rental vacancy rates in October 2000 dropped to record lows of 3.7, 1.7, and 1.3 per cent in Saint John, Moncton, and Fredericton respectively.

Potential tenants will have to wait another 8 to 12 months before new rental projects come on the market. Furthermore, some apartment seekers should expect to pay higher rents since the currently proposed projects are all high-end units targeted to older age groups.



# Nova Scotia

## Overview

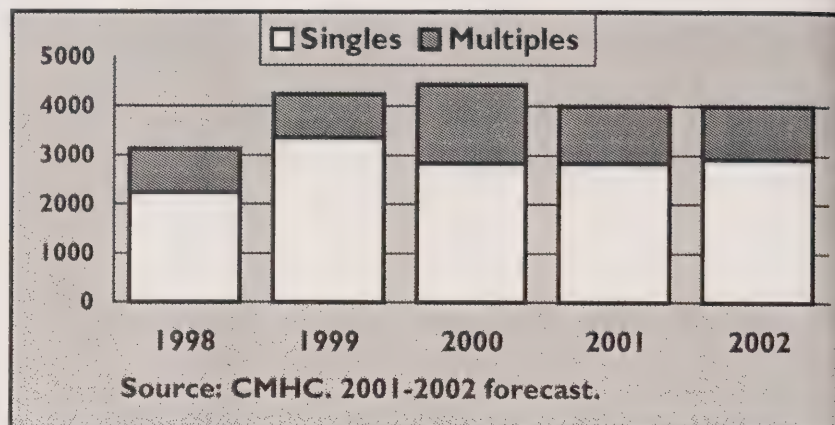
### Slowing economy to cool housing market.

Housing market activity is expected to return to a more moderate pace this year after two strong years. The forecast lull will take place in a context of weaker economic and employment growth.

The slowdown in the U.S. economy is expected to affect output and job growth in the manufacturing and trade sectors and the key tourism industry. Adverse effects may spread to other parts of the service sector as the year progresses, ultimately reducing consumer confidence.

Look for housing starts to drop approxi-

## Nova Scotia Starts



mately ten per cent in 2001 as the multiple-unit construction level decreases back from 2000's peak and single starts stabilize after a 15 per cent decline last year. Robust new house price gains will continue as energy costs drive up some material and transportation costs and labour shortages persist through the summer and into the fall.

## In Detail

**Single Starts:** After a significant drop last year, expect a very modest decline in single starts this year. Look for improving affordability conditions to draw an increasing number of first-time home buyers out of rental accommodation. As demand shifts from move-up to first-time buyers, builders will adjust their product offerings in favour of modest homes targeted at cost-conscious consumers.

**Multiple Starts:** Expect multiple starts to return to more moderate levels in 2001 after an exceptionally high output last year. A combination of improving home ownership affordability and the substantial increase in rental supply over the past 12 months is expected to raise vacancy rates and cap the potential for new apartment development, while accelerating the current shift from rental to condo construction.

**Resales:** Demand will shift from move-up buyers to first-time buyers. An ongoing scarcity of active listings, which have stabilized at near-record-low levels, will continue

to limit choice for prospective buyers. After a modest drop last year, look for a similar decline in existing home sales this year and flat sales next year.

**Prices:** The re-emergence of first-time home buyers and slowing MLS sales will hold price growth in check this year at a rate of 2.5 per cent — well below the average pace of 6.6 per cent posted over the past two years.

## Spotlight on FIRST TIME BUYERS

### Home ownership conditions improving

Market conditions over the past two years encouraged many potential first-time buyers to rent until conditions improved. A combination of falling mortgage rates, slower house price growth, and rising disposable incomes are now acting in concert to improve home buying.

Results of the CMHC report *Consumer Intentions to Buy or Renovate a Home - Halifax 2000* show that 62 per cent of those who intend to buy a home in Halifax this year are currently renting. Furthermore, six per cent of all renter households in Halifax are ready to buy now.



# P.E.I.

## Overview

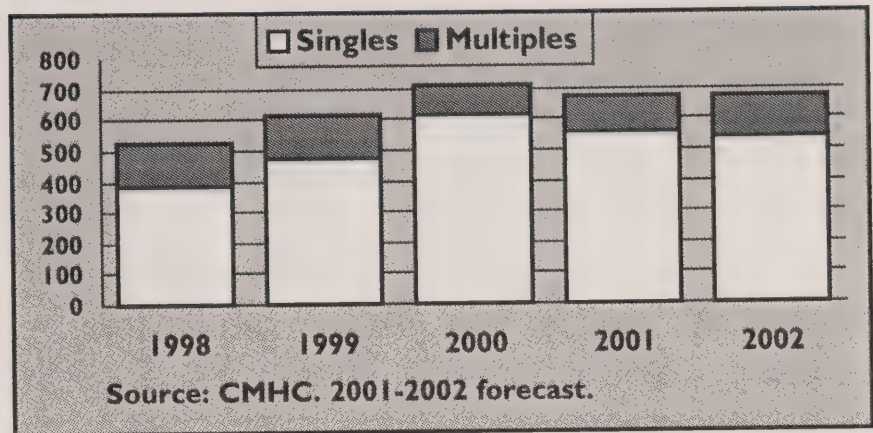
### Positive net migration helps buoy economy.

Last year, Prince Edward Island posted the strongest employment growth in Canada, at 5.4 per cent. This gain, combined with a record-setting year for single starts, should help carry momentum into 2001.

P.E.I. continued to see job gains in the first few months of 2001. Employment growth is expected to remain positive at 1.5 per cent this year and 1.1 per cent for 2002.

Expansion of several key industries related to the new economy will continue to generate job opportunities and attract migrants to both rural and urban areas. With more islanders looking for jobs and net migration remaining positive, the labour force will expand, but growth is not expected to keep pace with employment gains. As a result, expect the unemployment rate to drop by

## P.E.I. Starts



half a percentage point to 11.5 per cent this year and to 11.3 per cent in 2002.

Given the slowing U.S. economy and the partially lifted U.S. ban on P.E.I. potatoes, economic growth is expected to slow to 2.7 per cent this year, from 4.0 per cent the previous year. Look for a further decline in 2002 to 2.5 per cent as tourism and in-migration slacken.

Overall, starts are expected to drop modestly in 2001 and 2002. A rise in multiple starts will partially offset a decrease in single starts.

## In Detail

**Single Starts:** As the economy slows, look for single starts to fall in 2001 and again in 2002. High but declining in-migration over the next two years will keep construction strong in historical terms.

**Multiple Starts:** Given tight rental market conditions in both **Charlottetown** and **Summerside**, developers will increasingly focus on multiple construction. Rental starts will rise significantly this year. Look for multiple starts to increase this year and next year.

**Resales:** Strong demand for existing homes in both rural and urban areas should allow MLS sales to match the record set last year. A slight dip is expected for 2002 as the economy slows and in-migration eases.

**Prices:** Strong demand for existing homes in the **Charlottetown** area combined with a shortage of houses available for sale at

lower prices will boost average prices modestly this year and next year.

## Spotlight on POTATO BAN

### Island potatoes cleared by U.S.

**After more than 6 months, the U.S. partially lifted the ban on PEI potatoes unexpectedly. This will allow the majority of the 600 farmers affected to start shipping potatoes to the U.S. and within Canada.**

**Despite the growing IT and tourism sectors, agriculture is still the mainstay of the PEI economy. News of the U.S border being reopened will have a positive impact on consumer confidence and stimulate the Island's economy. Expect this to have a positive effect on the Island's housing market over the mid-term.**



# Newfoundland

## Overview

**Income growth and increased oil production support economic and housing expansion.**

With oil production continuing to increase and disposable incomes forecast to rise at healthy rates, the outlook for the economy remains positive.

Delays and cost overruns on Terra Nova will benefit local labour markets in 2001 as workers stay on to complete the project. Full-year production from Terra Nova in 2002 combined with steady gains in Hibernia output and an anticipated start on the White Rose development will give the economy a boost this year and next. Moreover, recent developments have breathed new life into possible startup of the Voisey's Bay project. A decision to proceed would present upside risk to the forecast.

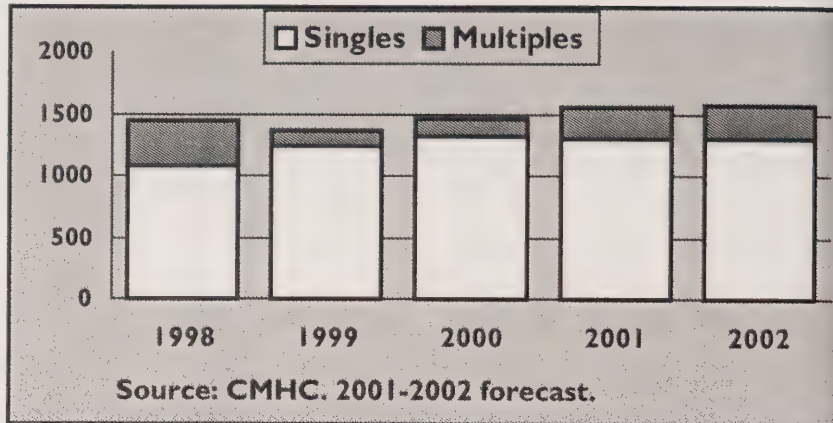
## In Detail

**Single Starts:** Starts should remain relatively flat over the next two years as gains in urban centres are offset by weakness in rural areas. Nevertheless, single starts will still be well above the average of the last half of the 1990s. A harsh winter impeded activity early this year, forcing builders to play catch up over the final three quarters of 2001.

**Multiple Starts:** The vacancy rate in St. John's fell in the past three years. Rates in most other urban centres also declined last year. Thanks to tighter markets and steadily rising demand from an expanding seniors population, rental construction is forecast to pick up. Multiple construction will also be bolstered by demand from move-up buyers and seniors looking to purchase mid- to high-priced condominiums.

**Resales:** Despite the severe winter, home buyers remained active, as MLS sales have kept up with the record pace of last year. Improving weather will stimulate more

## Newfoundland Starts



Oil industry expansion combined with growth in high-tech and other service-based industries will contribute to employment gains of around 1.0 per cent annually. Higher disposable incomes coupled with rising employment and low interest rates will maintain healthy housing demand, particularly in the **St. John's** region. The provincial government's decision to transfer 275 positions **outside St. John's** will provide a modest boost to housing demand in other urban centres, but rural areas will see few housing starts given the effects of population losses and fisheries restructuring.

listings and sustain sales this year. Realtors on the province's west coast are now expected to join the MLS system this year lifting sales slightly higher than previously forecast.

**Prices:** Average MLS prices will continue to set records, with modest gains reflecting strong demand and a continuing shift towards sales of higher priced homes.

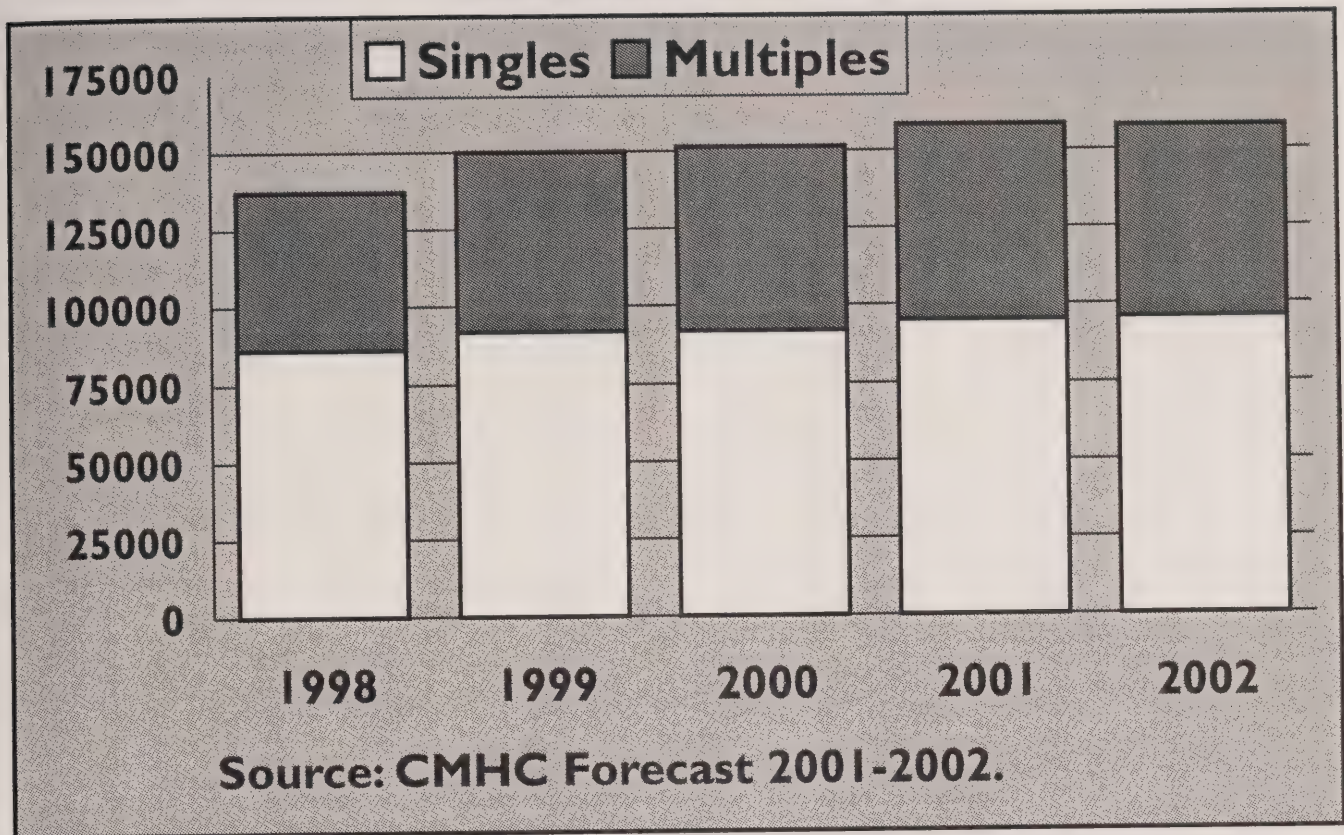
## Spotlight on the RESALE MARKET

The resale market, as measured by MLS sales, posted its fifth straight increase in 2000, setting records in each of the past two years. MLS prices also posted a record for the second year in a row, as fewer listings and sustained strength in move-up activity pushed the average price up 5.5 per cent.

The growth in sales since 1995 largely reflects strong economic recovery in the St. John's region. Healthy job growth and immigration associated with the expanding oil and high-tech industries have been the major drivers behind the prolonged upturn.



# Canada Starts



## Total Housing Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	2034	1696	1450	1371	1459	1550	1575
%	18.8	-16.6	-14.5	-5.4	6.4	6.2	1.6
<b>PEI</b>	554	470	524	616	710	675	670
%	31.3	-15.2	11.5	17.6	15.3	-4.9	-0.7
<b>NS</b>	4059	3813	3137	4250	4432	4000	4000
%	-2.6	-6.1	-17.7	35.5	4.3	-9.7	0.0
<b>NB</b>	2722	2702	2447	2776	3079	3035	2975
%	18.3	-0.7	-9.4	13.4	10.9	-1.4	-2.0
<b>QUE</b>	23220	25896	23138	25742	24695	26200	26500
%	6.1	11.5	-10.7	11.3	-4.1	6.1	1.1
<b>ONT</b>	43062	54072	53830	67235	71521	76000	74000
%	20.2	25.6	-0.4	24.9	6.4	6.3	-2.6
<b>MAN</b>	2318	2612	2895	3133	2560	2635	2900
%	18.1	12.7	10.8	8.2	-18.3	2.9	10.1
<b>SASK</b>	2438	2757	2965	3089	2513	2850	3000
%	43.2	13.1	7.5	4.2	-18.6	13.4	5.3
<b>ALTA</b>	16665	23671	27122	25447	26266	26150	25775
%	19.8	42.0	14.6	-6.2	3.2	-0.4	-1.4
<b>BC</b>	27641	29351	19931	16309	14418	15500	16300
%	2.2	6.2	-32.1	-18.2	-11.6	7.5	5.2
<b>CAN</b>	124713	147040	137439	149968	151653	*158600	*157700
%	12.4	17.9	-6.5	9.1	1.1	4.6	-0.6

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>1395</b>	<b>1220</b>	<b>1086</b>	<b>1233</b>	<b>1315</b>	<b>1300</b>	<b>1300</b>
%	19.7	-12.5	-11.0	13.5	6.7	-1.1	0.0
<b>PEI</b>	<b>430</b>	<b>374</b>	<b>387</b>	<b>472</b>	<b>614</b>	<b>555</b>	<b>535</b>
%	18.1	-13.0	3.5	22.0	30.1	-9.6	-3.6
<b>NS</b>	<b>3278</b>	<b>2939</b>	<b>2257</b>	<b>3345</b>	<b>2856</b>	<b>2825</b>	<b>2925</b>
%	7.8	-10.3	-23.2	48.2	-14.6	-1.1	3.5
<b>NB</b>	<b>2173</b>	<b>2125</b>	<b>1989</b>	<b>2201</b>	<b>2442</b>	<b>2335</b>	<b>2405</b>
%	26.2	-2.2	-6.4	10.7	10.9	-4.4	3.0
<b>QUE</b>	<b>14818</b>	<b>16073</b>	<b>14685</b>	<b>15798</b>	<b>15349</b>	<b>16000</b>	<b>16100</b>
%	10.4	8.5	-8.6	7.6	-2.8	4.2	0.6
<b>ONT</b>	<b>27019</b>	<b>35401</b>	<b>32737</b>	<b>39421</b>	<b>41087</b>	<b>42700</b>	<b>42000</b>
%	34.3	31.0	-7.5	20.4	4.2	3.9	-1.6
<b>MAN</b>	<b>1875</b>	<b>2019</b>	<b>2368</b>	<b>2231</b>	<b>2348</b>	<b>2265</b>	<b>2400</b>
%	19.9	7.7	17.3	-5.8	5.2	-3.5	6.0
<b>SASK</b>	<b>1612</b>	<b>1954</b>	<b>2154</b>	<b>2070</b>	<b>1890</b>	<b>2000</b>	<b>2000</b>
%	20.2	21.2	10.2	-3.9	-8.7	5.8	0.0
<b>ALTA</b>	<b>12949</b>	<b>18170</b>	<b>20077</b>	<b>16688</b>	<b>16835</b>	<b>17500</b>	<b>17700</b>
%	28.3	40.3	10.5	-16.9	0.9	4.0	1.1
<b>BC</b>	<b>12447</b>	<b>12911</b>	<b>8691</b>	<b>8731</b>	<b>7448</b>	<b>7700</b>	<b>8100</b>
%	7.5	3.7	-32.7	0.5	-14.7	3.4	5.2
<b>CAN</b>	<b>77996</b>	<b>93186</b>	<b>86431</b>	<b>92190</b>	<b>92184</b>	<b>*95200</b>	<b>*95500</b>
%	21.1	19.5	-7.2	6.7	-0.0	3.3	0.3

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>639</b>	<b>476</b>	<b>364</b>	<b>138</b>	<b>144</b>	<b>250</b>	<b>275</b>
%	16.8	-25.5	-23.5	-62.1	4.3	73.6	10.0
<b>PEI</b>	<b>124</b>	<b>96</b>	<b>137</b>	<b>144</b>	<b>96</b>	<b>120</b>	<b>135</b>
%	113.8	-22.6	42.7	5.1	-33.3	25.0	12.5
<b>NS</b>	<b>781</b>	<b>874</b>	<b>880</b>	<b>905</b>	<b>1576</b>	<b>1175</b>	<b>1075</b>
%	-30.8	11.9	0.7	2.8	74.1	-25.4	-8.5
<b>NB</b>	<b>549</b>	<b>577</b>	<b>458</b>	<b>575</b>	<b>637</b>	<b>700</b>	<b>570</b>
%	-5.0	5.1	-20.6	25.5	10.8	9.9	-18.6
<b>QUE</b>	<b>8402</b>	<b>9823</b>	<b>8453</b>	<b>9944</b>	<b>9346</b>	<b>10200</b>	<b>10400</b>
%	-0.7	16.9	-13.9	17.6	-6.0	9.1	2.0
<b>ONT</b>	<b>16043</b>	<b>18671</b>	<b>21093</b>	<b>27814</b>	<b>30434</b>	<b>33300</b>	<b>32000</b>
%	2.2	16.4	13.0	31.9	9.4	9.4	-3.9
<b>MAN</b>	<b>443</b>	<b>593</b>	<b>527</b>	<b>902</b>	<b>212</b>	<b>370</b>	<b>500</b>
%	11.0	33.9	-11.1	71.2	-76.5	74.5	35.1
<b>SASK</b>	<b>826</b>	<b>803</b>	<b>811</b>	<b>1019</b>	<b>623</b>	<b>850</b>	<b>1000</b>
%	128.8	-2.8	1.0	25.6	-38.9	36.4	17.6
<b>ALTA</b>	<b>3716</b>	<b>5501</b>	<b>7045</b>	<b>8759</b>	<b>9431</b>	<b>8650</b>	<b>8075</b>
%	-2.5	48.0	28.1	24.3	7.7	-8.3	-6.6
<b>BC</b>	<b>15194</b>	<b>16440</b>	<b>11240</b>	<b>7578</b>	<b>6970</b>	<b>7800</b>	<b>8200</b>
%	-1.8	8.2	-31.6	-32.6	-8.0	11.9	5.1
<b>CAN</b>	<b>46717</b>	<b>53854</b>	<b>51008</b>	<b>57778</b>	<b>59469</b>	<b>*63400</b>	<b>*62200</b>
%	0.4	15.3	-5.3	13.3	2.9	6.6	-1.9

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type

		1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NF	Semi-detached	141	158	163	50	44	40	50
	Row	40	18	20	9	23	60	50
	Apartment	458	300	181	79	77	150	175
	Total	639	476	364	138	144	250	275
PEI	Semi-detached	10	12	28	32	46	40	25
	Row	68	43	10	31	21	10	10
	Apartment	46	41	99	81	29	70	100
	Total	124	96	137	144	96	120	135
NS	Semi-detached	447	303	290	218	266	225	225
	Row	59	58	89	29	17	25	50
	Apartment	275	513	501	658	1293	925	800
	Total	781	874	880	905	1576	1175	1075
NB	Semi-detached	138	106	106	134	113	50	110
	Row	92	132	89	94	26	65	60
	Apartment	319	339	263	347	498	585	400
	Total	549	577	458	575	637	700	570
QC	Semi-detached	2384	2767	1930	1586	1291	1250	1250
	Row	1094	1433	1074	1184	858	850	850
	Apartment	4924	5623	5449	7174	7197	8100	8300
	Total	8402	9823	8453	9944	9346	10200	10400
ON	Semi-detached	3348	4299	4575	6445	7167	7600	7700
	Row	8124	9964	10073	10425	10846	10600	10800
	Apartment	4571	4408	6445	10944	12421	15100	13500
	Total	16043	18671	21093	27814	30434	33300	32000
MAN	Semi-detached	126	143	131	90	52	70	90
	Row	113	96	81	151	63	95	130
	Apartment	204	354	315	661	97	205	280
	Total	443	593	527	902	212	370	500
SK	Semi-detached	134	160	174	155	148	150	200
	Row	193	352	222	104	173	200	200
	Apartment	499	291	415	760	302	500	600
	Total	826	803	811	1019	623	850	1000
ALB	Semi-detached	1049	1458	1428	1570	1518	1500	1525
	Row	1203	1691	1512	1424	1545	1200	1300
	Apartment	1464	2352	4105	5765	6368	5950	5250
	Total	3716	5501	7045	8759	9431	8650	8075
B.C.	Semi-detached	1528	1979	1218	816	885	1000	1050
	Row	3364	3469	2117	1444	1675	1700	1750
	Apartment	10302	10992	7905	5318	4410	5100	5400
	Total	15194	16440	11240	7578	6970	7800	8200
CAN	Semi-detached	9305	11385	10043	11096	11530	*11900	*12200
	Row	14350	17256	15287	14895	15247	*14800	*15200
	Apartment	23062	25213	25678	31787	32692	*36700	*34800
	Total	46717	53854	51008	57778	59469	*63400	*62200

Source: CMHC Forecast 2001-2002.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/Co-op		Total Rental	Condo	Other*	Total 10,000+		
		Private	Assisted						
NFLD	2000	0	0	0	15	101	116	28	144
	2001	140	0	140	60	40	240	10	250
	2002	150	0	150	85	30	265	10	275
PEI	2000	62	0	62	0	10	72	24	96
	2001	80	0	80	0	10	90	20	110
	2002	65	0	65	40	10	115	20	135
NS	2000	809	0	809	371	150	1330	246	1576
	2001	675	0	675	300	75	1050	125	1175
	2002	600	0	600	200	100	900	175	1075
NB	2000	354	0	354	41	180	575	62	637
	2001	480	0	480	80	90	650	50	700
	2002	350	0	350	60	110	520	50	570
QUE	2000	3721	0	3721	3697	1432	8850	496	9346
	2001	4200	0	4200	4000	1300	9500	700	10200
	2002	4650	0	4650	3750	1300	9700	700	10400
ONT	2000	2045	0	2045	13176	15157	30378	56	30434
	2001	3350	0	3350	15300	14500	33150	150	33300
	2002	3375	0	3375	14000	14500	31875	125	32000
MAN	2000	91	0	91	36	14	141	71	212
	2001	155	0	155	110	15	280	90	370
	2002	225	0	225	140	20	385	115	500
SASK	2000	26	0	26	471	78	575	48	623
	2001	75	0	75	600	100	775	75	850
	2002	90	0	90	700	120	910	90	1000
ALTA	2000	1255	0	1255	6141	888	8284	1147	9431
	2001	800	0	800	5975	700	7475	1175	8650
	2002	750	0	750	5600	650	7000	1075	8075
BC	2000	1055	524	1579	3978	809	6366	604	6970
	2001	1450	600	2050	4325	925	7300	500	7800
	2002	1500	800	2300	4400	950	7650	550	8200
CAN	2000	9418	524	9942	27926	18819	56687	2782	59469
	2001	11405	600	12005	30750	17755	60510	2895	***63400
	2002	11755	800	12555	28975	17790	59320	2910	***62200

Source: CMHC Forecast 2001-2002.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

### MLS Total Residential Sales (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>2005</b>	<b>2170</b>	<b>2288</b>	<b>2437</b>	<b>2593</b>	<b>2675</b>	<b>2700</b>
%	21.1	8.2	5.4	6.5	6.4	3.2	0.9
<b>PEI</b>	<b>750</b>	<b>806</b>	<b>1125</b>	<b>1184</b>	<b>1206</b>	<b>1200</b>	<b>1150</b>
%	57.6	7.5	39.6	5.2	1.9	-0.5	-4.2
<b>NS</b>	<b>8372</b>	<b>7567</b>	<b>8052</b>	<b>8827</b>	<b>8429</b>	<b>8000</b>	<b>8100</b>
%	19.3	-9.6	6.4	9.6	-4.5	-5.1	1.2
<b>NB</b>	<b>4023</b>	<b>3941</b>	<b>3908</b>	<b>4080</b>	<b>4524</b>	<b>4500</b>	<b>4550</b>
%	15.1	-2.0	-0.8	4.4	10.9	-0.5	1.1
<b>QUE</b>	<b>39135</b>	<b>43463</b>	<b>45192</b>	<b>49792</b>	<b>53755</b>	<b>55300</b>	<b>55500</b>
%	31.4	11.1	4.0	10.2	8.0	2.9	0.4
<b>ONT</b>	<b>137921</b>	<b>140608</b>	<b>138463</b>	<b>148659</b>	<b>147036</b>	<b>151000</b>	<b>149000</b>
%	31.4	1.9	-1.5	7.4	-1.1	2.7	-1.3
<b>MAN</b>	<b>10965</b>	<b>11180</b>	<b>10762</b>	<b>11111</b>	<b>10612</b>	<b>11100</b>	<b>11100</b>
%	12.5	2.0	-3.7	3.2	-4.5	4.6	0.0
<b>SASK</b>	<b>8689</b>	<b>8346</b>	<b>8068</b>	<b>8053</b>	<b>7552</b>	<b>7500</b>	<b>7500</b>
%	18.2	-3.9	-3.3	-0.2	-6.2	-0.7	0.0
<b>ALTA</b>	<b>37485</b>	<b>43693</b>	<b>43383</b>	<b>42684</b>	<b>43311</b>	<b>44300</b>	<b>44300</b>
%	28.8	16.6	-0.7	-1.6	1.5	2.3	0.0
<b>BC</b>	<b>72182</b>	<b>68182</b>	<b>52910</b>	<b>58084</b>	<b>54179</b>	<b>55700</b>	<b>58000</b>
%	24.3	-5.5	-22.4	9.8	-6.7	2.8	4.1
<b>CAN</b>	<b>321527</b>	<b>329956</b>	<b>314151</b>	<b>334911</b>	<b>333197</b>	<b>*341300</b>	<b>*341900</b>
%	27.7	2.6	-4.8	6.6	-0.5	2.4	0.2

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

### MLS Average Residential Price (dollars and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>93661</b>	<b>92226</b>	<b>91514</b>	<b>94359</b>	<b>99525</b>	<b>101000</b>	<b>102500</b>
%	4.6	-1.5	-0.8	3.1	5.5	1.5	1.5
<b>PEI</b>	<b>83922</b>	<b>86403</b>	<b>79577</b>	<b>82139</b>	<b>82883</b>	<b>84000</b>	<b>84500</b>
%	13.7	3.0	-7.9	3.2	0.9	1.3	0.6
<b>NS</b>	<b>93444</b>	<b>96693</b>	<b>97015</b>	<b>102628</b>	<b>110269</b>	<b>113000</b>	<b>115000</b>
%	4.1	3.5	0.3	5.8	7.4	2.5	1.8
<b>NB</b>	<b>84198</b>	<b>87204</b>	<b>86648</b>	<b>88072</b>	<b>91624</b>	<b>92500</b>	<b>94000</b>
%	0.2	3.6	-0.6	1.6	4.0	1.0	1.6
<b>QUE</b>	<b>98435</b>	<b>101715</b>	<b>103947</b>	<b>107501</b>	<b>111260</b>	<b>116500</b>	<b>121500</b>
%	-0.3	3.3	2.2	3.4	3.5	4.7	4.3
<b>ONT</b>	<b>155662</b>	<b>164382</b>	<b>167115</b>	<b>174049</b>	<b>183870</b>	<b>192000</b>	<b>199000</b>
%	0.7	5.6	1.7	4.1	5.6	4.4	3.6
<b>MAN</b>	<b>85318</b>	<b>85404</b>	<b>86419</b>	<b>84525</b>	<b>87884</b>	<b>88900</b>	<b>89800</b>
%	4.2	0.1	1.2	-2.2	4.0	1.2	1.0
<b>SASK</b>	<b>77478</b>	<b>83978</b>	<b>87577</b>	<b>91396</b>	<b>94047</b>	<b>99500</b>	<b>103500</b>
%	5.0	8.4	4.3	4.4	2.9	5.8	4.0
<b>ALTA</b>	<b>117673</b>	<b>124865</b>	<b>132905</b>	<b>139621</b>	<b>146258</b>	<b>150600</b>	<b>154500</b>
%	2.5	6.1	6.4	5.1	4.8	3.0	2.6
<b>BC</b>	<b>218687</b>	<b>220512</b>	<b>212045</b>	<b>215283</b>	<b>221371</b>	<b>227500</b>	<b>230000</b>
%	-1.4	0.8	-3.8	1.5	2.8	2.8	1.1
<b>CAN</b>	<b>150837</b>	<b>154644</b>	<b>152402</b>	<b>158126</b>	<b>164135</b>	<b>*170500</b>	<b>*175700</b>
%	0.3	2.5	-1.4	3.8	3.8	3.9	3.0

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.



### Employment (annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-3.7	1.2	2.6	5.5	-0.2	1.0	1.5
PEI	2.9	0.5	1.9	1.5	5.3	1.5	1.1
NS	0.2	1.6	3.8	2.4	2.7	1.2	1.3
NB	-1.2	1.5	2.3	3.3	1.8	1.4	0.9
QUE	-0.1	1.6	2.7	2.3	2.4	1.7	1.5
ONT	1.0	2.6	3.3	3.6	3.2	1.9	2.0
MAN	-0.1	1.3	1.9	1.3	2.2	1.1	1.8
SASK	-0.4	2.7	1.3	0.8	1.0	0.8	1.1
ALTA	2.9	3.5	3.9	2.5	2.3	2.0	1.9
BC	1.6	2.6	0.1	1.9	2.2	1.8	2.0
CAN	0.8	2.3	2.7	2.8	2.6	1.7	1.8

Source: Statistics Canada, CMHC Forecast 2001-2002.  
(F) Forecast.

### Unemployment Rate (per cent)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	19.3	18.6	18.0	16.9	16.7	16.3	15.6
PEI	14.8	15.4	13.9	14.4	12.0	11.5	11.3
NS	12.3	12.1	10.5	9.6	9.1	8.9	8.7
NB	11.6	12.7	12.2	10.2	10.0	9.7	9.6
QUE	11.9	11.4	10.3	9.3	8.4	8.3	8.0
ONT	9.0	8.4	7.2	6.3	5.7	6.2	6.6
MAN	7.2	6.5	5.5	5.6	4.9	5.0	4.8
SASK	6.6	5.9	5.8	6.1	5.2	4.9	4.8
ALTA	6.9	5.8	5.6	5.7	5.0	5.0	4.8
BC	8.7	8.4	8.8	8.3	7.2	7.2	7.2
CAN	9.6	9.1	8.3	7.6	6.8	7.0	7.0

Source: Statistics Canada, CMHC Forecast 2001-2002.  
(F) Forecast.

Real Gross Domestic Product (annual per cent change)							
	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-4.2	1.1	6.0	6.0	5.2	3.0	5.0
PEI	3.2	-1.9	3.0	3.2	4.0	2.7	2.5
NS	0.3	3.2	3.0	5.2	2.7	1.9	2.1
NB	1.3	0.4	4.0	4.2	3.9	2.0	2.5
QUE	1.4	3.3	3.0	4.7	4.2	2.7	3.0
ONT	1.1	4.9	4.1	6.1	5.7	3.1	3.3
MAN	3.0	3.4	2.9	3.0	3.5	2.5	2.8
SASK	1.9	5.2	2.4	1.1	3.0	2.3	2.5
ALTA	2.4	7.5	3.7	2.5	6.5	4.1	3.5
BC	2.8	3.3	0.9	2.1	3.4	2.5	2.0
CAN	1.5	4.4	3.3	4.5	4.7	2.7	3.0

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.  
(E) Estimate (for provinces only). (F) Forecast.

Total Net Migration* (persons)							
	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-7934	-8414	-7752	-2245	-3341	-2250	-2000
PEI	595	-232	56	916	403	750	550
NS	1599	527	302	2990	990	750	500
NB	-620	-1223	-2169	1293	866	1000	700
QUE	5422	-1981	475	4333	3486	1800	1000
ONT	84158	93877	70991	97202	123772	135000	133000
MAN	-1476	-4179	-1333	1757	752	-580	380
SASK	-588	-1473	507	-4599	-7350	-4140	-2000
ALTA	24722	40645	48882	23019	30121	23300	17700
BC	67505	44614	7703	21356	17892	27000	33000
CAN**	173383	162161	117662	146022	167591	182630	182830

Source: Statistics Canada, CMHC Forecast 2001-2002.  
(F) Forecast.  
\* Sum of interprovincial migration, international migration, and non-permanent residents.  
\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate, structures of 3 units +
Victoria	2000	872	531	-4.3	4508	251398		1.8
	2001(F)	945	550	-1.5	4835	255000		1.4
	2002(F)	990	560	1.5	4950	257500		1.0
Vancouver	2000	8203	3132	-1.0	20401	378130		1.4
	2001(F)	9000	3200	1.0	21600	390000		1.2
	2002(F)	9450	3350	2.0	22400	394000		1.0
Edmonton	2000	6228	4072	2.1	14189	124203	A	1.4
	2001(F)	6350	4150	3.0	14250	129000	A	1.5
	2002(F)	6400	4250	3.0	14150	133500	A	1.8
Calgary	2000	11093	6749	2.4	19828	176305	A	1.3
	2001(F)	10000	6600	2.5	19700	183000	A	1.8
	2002(F)	9600	6500	2.3	19600	190000	A	1.8
Saskatoon	2000	968	602	2.0	2758	112567	A	1.4
	2001(F)	1150	700	2.0	2700	118000	A	1.5
	2002(F)	1100	700	2.5	2800	121500	A	2.0
Regina	2000	615	459	2.6	2612	94518	A	1.4
	2001(F)	700	500	3.5	2500	97000	A	2.0
	2002(F)	700	600	3.5	2600	99000	A	2.4
Winnipeg	2000	1317	1210	2.8	9465	88553	A	2.0
	2001(F)	1475	1225	2.5	9660	89800	A	1.5
	2002(F)	1600	1275	2.5	9660	90850	A	1.5
Thunder Bay	2000	154	141	-1.3	1279	109811	A	5.8
	2001(F)	300	190	-0.5	1305	110909	A	4.0
	2002(F)	310	200	0.9	1344	112018	A	3.0
Sudbury	2000	173	169	-1.3	1825	109262	A	7.7
	2001(F)	206	180	-0.5	1900	109500	A	7.5
	2002(F)	221	190	0.9	1900	109750	A	7.0
Windsor	2000	2,382	1,748	0.7	4616	137453		1.9
	2001(F)	2,145	1,600	1.0	4550	137450		1.8
	2002(F)	2,100	1,650	1.0	4640	138825		2.0
London	2000	1713	1198	2.9	6505	134594		2.2
	2001(F)	1,800	1,140	2.2	6450	137000		1.9
	2002(F)	1,730	1,100	1.5	6300	138500		1.5
Kitchener	2000	3,509	2,261	4.0	4567	157386	A	0.7
	2001(F)	4,126	2,400	4.4	4575	165500	A	0.8
	2002(F)	4,231	2,450	4.0	4600	172500	A	1.2
St. Catharines-Niagara	2000	1,230	962	4.2	5405	130900		2.6
	2001(F)	4,451	1,000	1.0	5150	134450		2.3
	2002(F)	4,361	1,025	1.5	5275	137825		2.0
Hamilton	2000	3,108	1,884	2.5	10374	164168	A	1.7
	2001(F)	3,225	1,925	2.8	10450	168275	A	1.3
	2002(F)	3,510	1,975	3.3	10541	174150	A	1.4
Toronto	2000	38,982	17,119	2.7	58343	243255	A	0.6
	2001(F)	42,000	18,000	2.8	60000	253000	A	0.7
	2002(F)	39,000	16,500	1.7	58000	262000	A	0.8

## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate Structures of 3 units +
Oshawa	2000	2,874	2,152	n.a.	4401	164416		1.7
	2001(F)	2,950	2,200	n.a.	4300	170000		1.6
	2002(F)	2,600	2,100	n.a.	4200	175000		1.4
Ottawa	2000	5,786	3,494	7.3	12692	188752		0.2
	2001(F)	6,689	3,741	9.4	13820	202886		0.3
	2002(F)	7,186	3,916	5.9	14745	216682		0.5
Hull	2000	1224	768	n.a.	3230	91000	S	1.4
	2001(F)	1350	1075	n.a.	3000	94000	S	1.2
	2002(F)	1400	1030	n.a.	2850	96000	S	1.5
Montréal	2000	12766	6800	3.7	29555	132632	A	1.5
	2001(F)	14000	6950	5	31000	140750	A	1
	2002(F)	14000	6900	5	31200	150000	A	1
Trois-Rivières	2000	337	225	n.a.	860	78000		6.8
	2001(F)	410	230	n.a.	855	79500		6.2
	2002(F)	400	230	n.a.	855	80500		6.0
Sherbrooke	2000	515	283	n.a.	1114	91300	A	4.7
	2001(F)	560	320	n.a.	1200	92800	A	3.5
	2002(F)	600	270	n.a.	1150	92800	A	3.0
Québec	2000	2275	1262	2.1	6254	88996		1.6
	2001(F)	2350	1370	2.0	6450	91500		1
	2002(F)	2450	1375	2.2	6275	94000		1
Chicoutimi-Jonquière	2000	296	203	n.a.	785	82331	S	4.4
	2001(F)	325	215	n.a.	725	84250	S	4.2
	2002(F)	330	215	n.a.	700	86750	S	4.6
Saint John	2000	346	309	-0.3	1383	94511	A	3.4
	2001(F)	345	300	0.5	1450	92000	A	4.3
	2002(F)	365	310	0.2	1400	93000	A	4.6
Halifax	2000	2661	1373	3.3	5610	128003	A	3.6
	2001(F)	2325	1450	3.0	5475	127250	A	4.2
	2002(F)	2225	1575	2.5	5550	126500	A	4.5
St. John's	2000	935	825	2.2	2453	100763	A	3.8
	2001(F)	1000	825	2	2550	102000	A	3
	2002(F)	1025	800	2	2550	103000	A	3
Charlottetown	2000	318	264	1.8	497	103435	A	2.6
	2001(F)	340	260	1.7	480	105000	A	2.4
	2002(F)	345	240	1.7	470	106000	A	3.6
ALL METRO AREAS	2000	110880	60195	2.2	235509			1.6
	2001(F)	120517	62296	2.9	240930			1.3
	2002(F)	118229	61286	2.5	240705			1.3

## \* Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2001-2002.  
n.a.: data not available



# Major Housing Indicators

## Seasonally Adjusted Annual Rates

### (levels and quarterly per cent change)

	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4	01:Q1
<b>New housing</b>								
Building permits, units, thousands	157.3	162.9	169.3	153.6	144.9	159.7	150.0	..
%	6.3	3.6	3.9	-9.3	-5.6	10.2	-6.1	..
Housing starts, total, thousands	148.7	147.0	156.4	160.5	141.8	156.6	154.2	163.0
%	2.0	-1.1	6.4	2.6	-11.7	10.4	-1.5	5.7
Housing starts, singles, thousands	91.5	93.3	95.8	100.4	89.8	92.1	91.5	98.3
%	5.9	2.0	2.7	4.8	-10.6	2.6	-0.7	7.4
Housing starts, multiples, thousands	57.2	53.7	60.6	60.1	52.0	64.5	62.7	64.7
%	-3.7	-6.1	12.8	-0.8	-13.5	24.0	-2.8	3.2
Housing completions, total, thousands	132.1	139.3	146.4	150.9	145.2	149.4	138.9	..
%	-10.1	5.4	5.1	3.1	-3.8	2.9	-7.0	..
New house price index, 1992=100	100.7	101.1	101.7	102.2	103.0	103.5	104.2	..
%	0.4	0.5	0.6	0.5	0.7	0.6	0.7	..
<b>Existing housing</b>								
MLS resales, units, thousands	350.8	344.1	326.4	338.9	328.7	332.2	333.0	..
%	9.8	-1.9	-5.1	3.8	-3.0	1.0	0.2	..
MLS average resale price, \$C thousands	158.3	159.3	160.0	162.4	163.4	164.4	166.4	..
%	2.4	0.7	0.4	1.5	0.6	0.6	1.2	..
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	406.1	411.2	414.2	420.7	426.0	428.8	432.9	..
%	1.1	1.2	0.7	1.6	1.3	0.7	1.0	..
Mortgage approvals, \$C billions	86.0	78.6	67.7	69.1	72.9	75.5	..	..
%	5.8	-8.5	-14.0	2.1	5.5	3.5	..	..
1-year mortgage rate, per cent*	6.45	6.97	7.35	7.63	8.03	7.90	7.83	7.10
5-year mortgage rate, per cent*	7.32	7.75	8.25	8.48	8.52	8.25	8.15	7.58
<b>Residential investment**</b>								
Total, \$1992 billions	44.0	44.5	45.8	45.5	44.2	45.1	45.0	..
%	2.8	1.2	2.8	-0.6	-2.8	1.9	-0.1	..
New, \$1992 billions	21.8	22.4	23.5	22.8	21.7	22.0	22.0	..
%	2.0	2.5	5.0	-2.7	-4.8	1.4	-0.3	..
Alterations, \$1992 billions	14.4	14.2	14.8	15.1	15.1	15.3	15.3	..
%	1.5	-1.4	4.7	1.6	0.1	1.4	0.0	..
Transfer costs, \$1992 billions	7.8	7.9	7.4	7.6	7.4	7.7	7.7	..
%	7.6	2.1	-6.4	1.8	-2.6	4.4	-0.2	..
Deflator, 1992=100	112.0	111.7	112.5	114.2	114.6	113.9	114.9	..
%	1.1	-0.3	0.7	1.5	0.4	-0.6	1.0	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.



# MHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

## Strong housing markets persist

### Overview

#### Starts:

2001: 158,000

2002: 156,600

#### Resales:

2001: 352,500

2002: 349,900

**Starts:** Look for starts to rise this year and remain strong in 2002. Despite the cooling of the North American economy, favourable mortgage rates, income growth, rising migration, and stronger house prices continue to stimulate residential construction. In some markets, builders are working through a backlog of orders.

**Resales:** Strong demand in combination with a rise in listings will push sales of existing homes to a record this year. Sales will ease slightly but remain vigorous in 2002.

**Prices:** Look for resale price growth to remain strong this year and moderate somewhat in 2002.

**Details on page three.**

## Third Quarter, 2001

- 3 **NATIONAL OUTLOOK**
- 4 **TRENDS IMPACTING HOUSING**
- 6 **SPECIAL REPORT: RENOVATION OUTLOOK**
- PROVINCIAL REPORTS**
- 9 British Columbia
- 10 Alberta
- 11 Saskatchewan
- 12 Manitoba
- 13 Ontario
- 14 Quebec
- 15 New Brunswick
- 16 Nova Scotia
- 17 Prince Edward Island
- 18 Newfoundland
- 19 **FORECAST TABLES**

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.

## The Nation's HOT SPOTS

**Alberta:** Home builders will be kept busy, thanks to the oil and gas industry and strong economic growth (See Page 10).

**Ontario:** The housing sector continues to show resilience in the face of an uncertain economic environment (See Page 13).

**Quebec:** A decrease in the inventory of existing homes will support increased construction (See Page 14).

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact Ginette Godward at (613) 748-2006 to get your copy sent to you by e-mail.





## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1 800 668-2642. Outside Canada, (613) 748-2006, fax: (613) 748-4069  
To reach us online, visit our home page at [www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)

Annual subscription (4 issues) \$120 plus GST  
Single issue \$40 plus GST  
*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at [www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2001 Canada Mortgage and Housing Corporation  
All rights reserved.

ISSN 1488-6537      Product # 61500-2001-Q02

**Upcoming PDF Release Date**

**Fourth Quarter — October 17**

# National Housing Outlook

## In Detail

### Multiples strong, singles steady in 2001

Look for multiple starts to rise this year, while single starts maintain the healthy pace of the past two years. Apartment starts will lead the way thanks to strong gains in Quebec, Ontario, and B.C. Next year, multiple construction will ease but remain robust.

### Multiples hot spots scattered

Multiple starts in Ontario will double the output of five years ago. Newfoundland and B.C. will register double-digit growth in multiple starts in each of the next two years, but starts in B.C. will not approach the levels of the mid-1990s. Quebec will also post solid growth this year.

### Rental and condo construction up

Low rental vacancy rates will help trigger stronger multiple construction this year. Rental starts will rise in 2001 and 2002 but will remain at relatively low levels. Condo starts will also increase this year, but drop next year mainly as a result of reduced activity in Ontario.

### Strong singles in Quebec this year

Despite dropping slightly in 2001 and 2002, single starts will maintain a respectable pace, surpassing the average of the 1990s. This year, Quebec will post the strongest growth, while all other provinces except Manitoba and Alberta will see starts fall. Next year, look for double-digit growth in Saskatchewan and a modest rebound in the Atlantic provinces.

### Record resale numbers this year

Active resale markets are tempting prospective sellers to put their homes on the market. Increased listings, strong demand, and favourable mortgage rates will add up to record resales in 2001. Record volumes will be posted this year in Newfoundland, Quebec, Ontario, and Alberta.

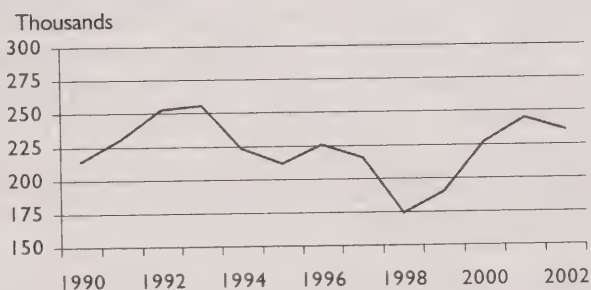
### Prices up everywhere but B.C.

This year, resale prices will be up in all provinces except B.C. In 2001 and 2002, look for price gains above the rate of inflation in Quebec, Ontario, Manitoba, Saskatchewan, and Alberta.

## Spotlight on IMMIGRATION

### Immigration rising above target levels, boosting housing demand

Immigration rising



Source: Statistics Canada.  
2001-2002 forecast by CMHC.

**After substantial increases in the last two years, immigration looks set to rise again this year.**

Immigration has increased substantially since 1998 and this year is on pace to surpass the planned range of 200-225,000 by a healthy margin. CMHC's forecast calls for net migration to Canada to increase again this year and remain high in 2002.

High immigration levels will boost housing demand, especially in the four largest provinces. Some immigrants arrive in Canada with the resources to purchase homes. As well, since many immigrants initially rent or move in with other family members, housing markets should benefit from the influx of immigrants in the early 1990s, many of whom will be looking to buy homes.



# Trends Impacting Housing

## Positive Impact

- ✓ **Low mortgage rates**
- ✓ **Increasing immigration**
- ✓ **Tax cuts**

### The economy

In the first quarter, the economy grew at a 2.5 per cent annual rate, improving on 1.6 per cent growth in the fourth quarter. In April, growth was negligible, dragged down in part by labour disputes. The economy, notably the manufacturing sector, is feeling the effects of the U.S. economic slowdown. Manufacturing shipments and profits are down, as is related investment in machinery and equipment.

The U.S. economy grew only half as fast as the Canadian economy in the first quarter, the third weak quarter in a row. Growth on both sides of the border is expected to pick up later this year thanks to lower interest rates. Look for growth in Canada of 2.3 per cent this year and 3.2 per cent in 2002.

### Mortgage rates

The outlook for mortgage rates is favourable. Concern over slowing economic growth has prompted a series of interest rate cuts in Canada and the U.S., with additional easing expected. Rates will edge up next year as the economy strengthens. Through the end of 2002, look for one-year rates in the 6.50-7.50 per cent range, three-year rates between 7.00 and 8.00 per cent, and five-year rates from 7.25 to 8.25 per cent.

### Consumers

Volatile equity markets and a slower economy have produced some uncertainty but have not unduly dampened the mood of consumers. Although confidence is down since peaking in the third quarter of 2000, consumer spending accelerated in the first quarter, and retail sales in April recorded the strongest gain since December 1999. Spending should remain solid, given a backdrop of rising disposable incomes and tax cuts.

## What to Watch For

- ✓ **Economy to improve next year**
- ✓ **Migration to Ontario and Alberta**

### Employment and incomes

Job creation has slowed this year, paralleling the trajectory of the economy. In contrast to robust full-time job gains in 2000, part-time jobs have accounted for all of the employment increase in 2001. Look for weaker job growth this year followed by moderate improvement next year as the economy strengthens.

Despite slower employment growth, housing markets will continue to reap rewards from strong job creation in the last couple of years. Job gains do not always translate immediately into housing demand since individuals and families require time to accumulate necessary finances and to assess their housing needs.

Tax cuts combined with moderate job growth and wage gains will mean a continuation of robust disposable income growth this year and next. The federal package of tax cuts will help keep money in people's pockets.





















### Migration

Immigration has rebounded sharply after falling in 1998. Landings rose in 2000 to nearly 227,000, just above the target range of 200-225,000. This year, immigration is on pace to surpass the target by a wide margin, attaining an annual rate of over 250,000 in the first quarter. Look for immigration to remain strong this year and next year. Increased arrivals will mainly benefit construction in the four largest provinces.

Alberta remains the top destination for interprovincial migrants, followed by Ontario. Look for these two provinces to keep attracting migrants in coming years. Outflows from B.C. continued in the first quarter. With Alberta and Ontario exerting a strong pull on job seekers, expect migration to B.C. to remain below the large gains of the first half of the 1990s.

# Trends at a Glance

## Key factors and their effects on home building

Factor	Comment	Impact	
		2001	2002
Mortgage rates	Easing this year and staying low next year.		
Employment	Past gains continue to fuel housing demand. Modest gains in 2001 and 2002.		
Incomes	Will benefit from tax cuts and wage gains.		
Net migration	Higher in 2001, staying high in 2002.		
Household formation	Should increase as a result of improved net migration and job and income gains. More individuals and families can afford to live independently.		
Consumer confidence	Consumers to remain optimistic.		
Resale market	Demand spillover from tight resale markets boosts construction of new homes.		
Unoccupied units	Low inventories a positive signal to builders.		
Vacancy rates	Low rates trigger multiple construction.		
Profits	House prices expected to rise faster than combined costs of labour and materials.		



# Special Report: Renovation Market Outlook

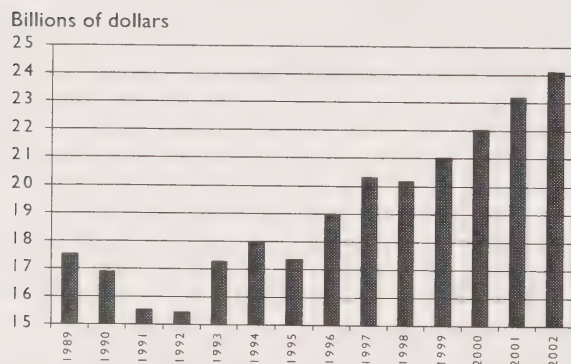
**Tax reductions, record levels on the resale market, and stability in the job market will sustain renovation spending in 2001. However, the North American economic slowdown will curb growth slightly in 2002.**

## Short-term outlook

The economic growth of recent years and the strong performance of the housing market have enabled the renovation sector to progress at a steady rate since 1996. We expect that renovation spending will continue to increase in 2001 and in 2002. Total spending in 2001 will increase by 5.1 per cent to stand at 23.2 billion dollars. The North American economic slowdown will reduce the growth rate of expenditures in 2002. Spending is expected to grow by 4.2 per cent to reach 24.1 billion dollars in 2002.

Several factors underlie the forecast, such as low mortgage rates and employment growth. Disposable income growth and record sales of existing homes are particularly important.

## Renovation spending



Sources: Statistics Canada, CMHC Forecast 2001-2002.

## Disposable income: a key factor

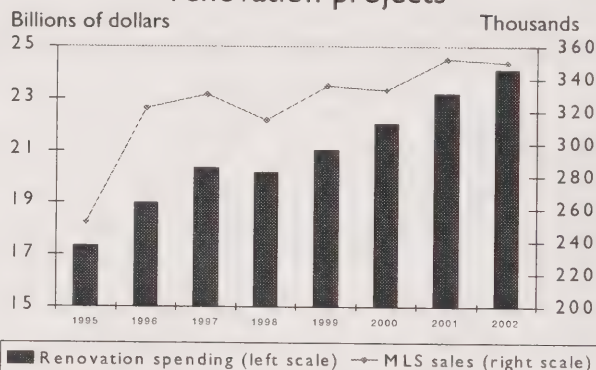
Growth of disposable income is one of the most significant variables in explaining renovation spending totals. The more incomes increase, the better position households are in to spend money on major renovation projects. Recent cuts to federal and provincial taxes will help raise disposable income and stimulate renovation spending.

It is anticipated that disposable income will grow by approximately 5 per cent and 4.3 per cent in 2001 and 2002, increases that are above expected inflation rates.

## Record levels on the resale market

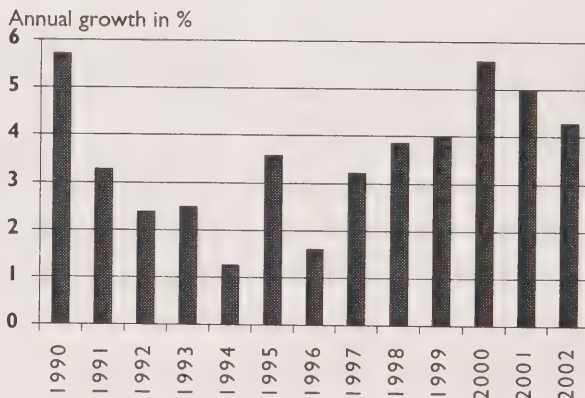
The resale market will reach a record level in 2001. This is good news for the renovation market since households generally do major renovation work within the first three years of purchasing a home. It is expected that the volume of transactions on the resale market will climb by 5.8 per cent in 2001 to reach 352,500 sales. In 2002, the level of sales will drop by 0.7 per cent but will remain high at close to 349,900 sales. This volume of sales will support the renovation sector in 2001 and 2002.

## Existing home market generates renovation projects



Sources: Canadian Real Estate Association, Statistics Canada.  
CMHC Forecast 2001-2002.

## Growth in disposable income



Source: Conference Board of Canada.

## Atlantic: a sluggish market

The drop in renovation spending this year will result in large part from a decline in housing starts and slower growth in the resale market. Slower job creation will also play a role.

## Quebec: still in good shape

The resale market is still in good shape in Quebec and should reach record highs in 2001 and 2002. This rapid increase has benefited the renovation sector greatly in Quebec. Growth in employment and disposable income have also contributed. Expenditures are expected to reach 5.4 and 5.5 billion dollars in 2001 and in 2002 respectively. For a province that has the lowest proportion of homeowners in Canada, Quebec has been posting impressive results, ranking second in Canada in renovation spending.

## Ontario: a resilient performance

Although the Ontario economy will slow down in 2001, the renovation sector will still profit from the economic boom of previous years. Large increases in the number of resales since 1998 will lift renovation spending through next year. Spending is expected to climb by 3.9 per cent and 1.2 per cent in 2001 and in 2002, respectively.

## Prairies: Alberta comes out on top

Thanks to strong growth, supported mostly by oil and gas drilling projects, Alberta will continue to lead the Prairies for 2001 and 2002 in renovation spending. Growth in disposable income, combined with a healthy housing market, will contribute to the renovation sector. In addition, the increasing prices of new homes will encourage households to consider the resale market and undertake renovation work.

Renovation spending in Saskatchewan will ease in 2001 as a result of a decline in housing starts, but will bounce back the following year. In Manitoba, a drop in sales of existing homes in 2000 will reduce renovation spending in 2001. The amount of spending in 2002 will remain almost unchanged, with slight growth of 0.5 per cent expected.

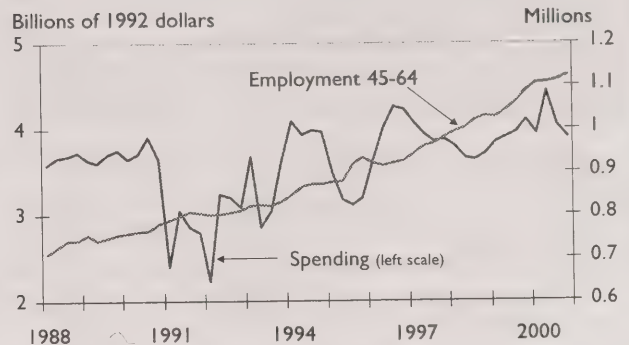
## British Columbia: a significant increase

The forecast recovery of the real estate market in British Columbia, especially of the resale market, will spur renovation spending in 2001 and 2002. In addition, given the high prices of new and existing homes, people will opt for renovating as opposed to buying another home.

## Alterations and improvements: key role of the 45-64 age group

Spending on alterations and improvements has increased significantly in recent years. Apart from the gradual improvement in the economy and the drop in mortgage rates, a major increase in the number of employed 45-64 year-olds has played a role.

Alterations and improvements spending and employment of 45-64 group - Quebec



Sources : CMHC Housing Facts and Statistics Canada.

Expenditures on alterations and improvements are very high for this age group because individuals are generally at the peak of their careers and employment incomes. Their discretionary incomes, the source of funds potentially available for renovation work, are all the more important considering the fact that these households often no longer have outstanding mortgage loans or dependants.

Alterations and improvements spending and employment of 45-64 group - Ontario



Sources : CMHC Housing Facts and Statistics Canada.

A forecast increase in the number of 45-64 year-olds and in their labour force participation rate will benefit spending on alterations and improvements. By way of example, between 2001 and 2005, the annual growth of the population between the ages of 45 and 64 will be 2.9 per cent in Quebec and 3.5 per cent in Ontario. The shift to a service-based economy and the retention and extension of the retirement age of older workers, because of a forecast shortage of younger workers, could favour renovation by keeping those between the ages of 45 and 64 in the workforce.



**Renovation and Construction Expenditure**

		Renovation			Construction		
		2000	2001	2002	2000	2001	2002
Newfoundland	(\$ millions)	415	400	397	161	153	158
	(% change)	3.2	-3.7	-0.7	11.4	-5.1	3.4
P.E.I.	(\$ millions)	91	81	81	76	75	73
	(% change)	-2.4	-11.4	-0.3	33.8	-1.7	-3.6
Nova Scotia	(\$ millions)	696	627	645	488	481	487
	(% change)	6.6	-9.8	2.8	18.1	-1.4	1.1
New Brunswick	(\$ millions)	466	431	428	306	318	322
	(% change)	0.9	-7.6	-0.9	32.4	3.9	1.2
Quebec	(\$ millions)	5,257	5,448	5,536	2,953	3,265	3,358
	(% change)	2.7	3.6	1.6	5.9	10.5	2.8
Ontario	(\$ millions)	8,536	8,875	8,984	9,821	10,468	10,510
	(% change)	4.7	3.9	1.2	15.4	6.6	0.4
Manitoba	(\$ millions)	601	593	596	329	348	351
	(% change)	-0.6	-1.4	0.5	-0.4	5.9	0.9
Saskatchewan	(\$ millions)	635	624	652	284	242	286
	(% change)	1.2	-1.9	4.6	-7.5	-14.5	18.1
Alberta	(\$ millions)	2,095	2,381	2,548	3,164	3,389	3,482
	(% change)	8.2	13.6	7.0	5.8	7.1	2.7
British Columbia	(\$ millions)	3,244	3,694	4,269	2,315	2,743	2,945
	(% change)	8.9	13.9	15.5	-3.7	18.5	7.3
Canada	(\$ millions)	22,041	23,156	24,138	19,899	21,468	21,974
	(% change)	4.8	5.1	4.2	9.5	8.0	2.3

Sources: Statistics Canada, CMHC Forecast 2001-2002.

### Renovation Expenditure Breakdown

(millions of dollars and annual percentage change)

	2000	2001	2002
Alterations and improvements	16,340	17,257	17,986
%	4.8	5.6	4.2
Repairs	5,700	5,898	6,151
%	4.8	3.5	4.3

Sources: Statistics Canada, CMHC Forecast 2001-02.

**CMHC Renovation Forecast Components**

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

**Alterations and improvements:** Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

**Repairs:** Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

# British Columbia

## Overview

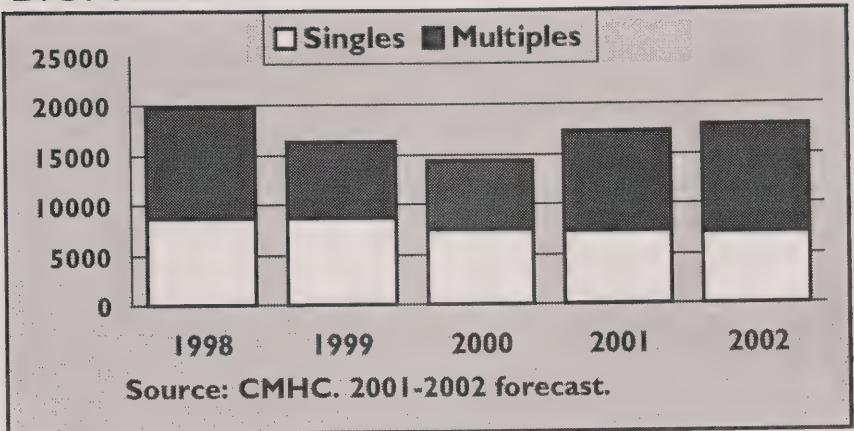
### Housing market recovery strengthening

The outlook for many urban housing markets is optimistic for this year and next. Primarily, it has been low mortgage rates that have improved purchasing power for prospective home buyers. In turn, first-time buyers and young families are driving home sales, with demand for lower-priced units on the rise. Demand in urban markets is primarily for townhouses and apartments.

The economic outlook is mixed. Growth prospects are tempered by continuing weak export demand from Japan and uncertainty over the softwood lumber agreement with the U.S. Long-term economic health will depend largely on business investment, which may continue to lag following weakness in the U.S. economy and the stock market adjustment earlier this year.

On the plus side, retail sales are up as are

## B.C. Starts



the number of visitors from the U.S. and overseas. Another bright spot is the natural gas sector in northeast B.C. Strong demand for this resource from the U.S. will bolster exports over the next twelve months. Finally, the recent provincial personal tax rate reduction and higher disposable incomes should stimulate consumption.

Overall, look for a modest improvement in economic growth next year driven by improving consumer and business confidence. However, for significant, sustained strengthening of housing markets to occur, the outmigration to Alberta and other provinces of the last three years must reverse, as population growth is the key driver of housing demand.

## In Detail

**Single Starts:** Starts are forecast to decline in most urban markets, with the exception of **Victoria** and **Kelowna**, where move-up buyers are demanding higher-end homes. In **Vancouver**, with land and construction costs on the rise and the market extremely price sensitive, the supply of new single-detached homes will continue to trend lower over the next two years.

**Multiple Starts:** Starts will increase by more than 40 per cent this year, as rental housing construction and new condominiums attract consumers looking for new homes. **Vancouver** and **Victoria** will experience the largest jump in multiple starts, with innovative low-rise infill projects representing the most active market segment.

**Resales:** Resale home markets are on the upswing. Sales during the month of May this year reached a seven-year high in **Victoria** and a four-year high in **Vancouver**.

**Prices:** Although sales are up, average prices are flat or down slightly in most markets. Rather than indicating a general price decline, consumer preferences have shifted towards more modestly priced units, a significant change from last year when units priced above the \$500,000 mark were driving the market. Look for buyers to continue to seek out good deals in the best neighbourhoods.

## Spotlight on VANCOUVER

### The new economy

Vancouver's economy shows the benefits of diversification. Value-added employment, such as that found in professional, scientific, and technical areas, is gaining in momentum. Further advances in high-tech, biotechnology, and film and television will be linked to development at new high-tech industrial parks, office towers, university research centres, the Vancouver Port, and the Vancouver International Airport, B.C.'s fastest growing employer.

The new-economy employee demands housing, either rental or ownership, that is close to job centres, the airport, and other urban amenities.



# Alberta

## Overview

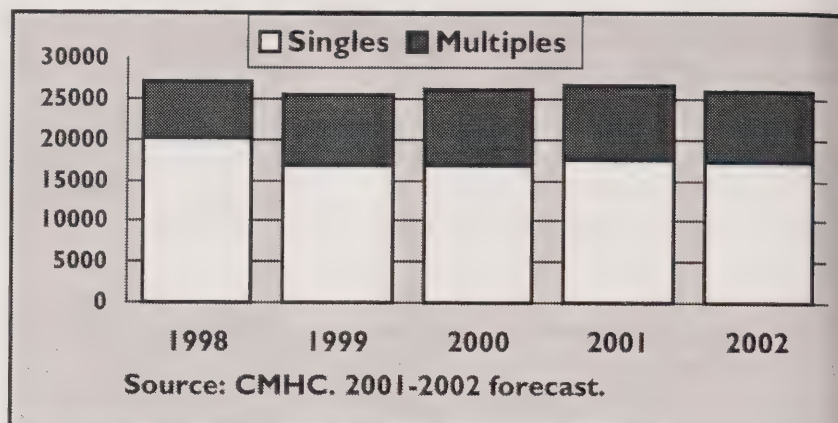
### Housing markets maintain solid performance

Alberta's economic climate will continue to support healthy levels of residential construction in 2001 and 2002. Starts will exceed the 25,000 level this year and next. About two-thirds of these will be single-detached starts.

Due to continuing high levels of investment in the oil and gas sector, Alberta will lead the nation in economic growth over the next two years. This solid performance will translate into healthy job creation, a phenomenon that has persisted over the past five years. Since 1995, the Alberta economy has accounted for about 12 per cent of all job creation in Canada, a figure that is anticipated to rise to about 14 per cent over the next two years.

Employment gains have led to a shortage of

## Alberta Starts



skilled labour in some key sectors. Since 1997, wages have risen faster than the cost of living. This trend is expected to continue over the forecast period as firms try to retain and attract workers.

Favourable job prospects will continue to attract new workers to the province. However, gains from migration will not be as strong as in the past due to solid economic activity in Ontario and better-than-expected performance in British Columbia. This year and next year, Alberta will gain over 50,000 persons through migration.

Job and wage gains combined with a rising pool of renters and buyers in the province will have a favourable impact on housing demand.

## In Detail

**Single Starts:** A strong job market, continued in-migration, and favourable mortgage carrying costs will help maintain the demand for single-detached homes. Over the next two years, starts are forecast to be moderately higher than the average of the past five years. The growth in starts is anticipated to be slightly stronger in **centres outside of Calgary and Edmonton**.

**Multiple Starts:** Construction activity will remain robust over the forecast period. Multiple starts will be very close to the levels seen in the past two years. Declines in **Calgary** will be offset by higher starts activity in **Edmonton** and other areas. Apartments starts will account for nearly two-thirds of multiple starts.

**Resales:** Resale markets in the province, including **Calgary** and **Edmonton**, continue to record strong performances. Total MLS sales are forecast to exceed the 45,000 mark in 2001 and 2002, setting a record this

year. Nearly 80 per cent of these sales will take place in **Edmonton** and **Calgary**.

**Prices:** From 1997 to 2000, the average MLS price increased faster than the rate of inflation. However, over the next two years, price gains will moderate and will move closer to the rate of inflation. The average price in **Edmonton** will remain below the provincial average, while prices in **Calgary** will continue to exceed the average.

## Spotlight on NEW SUPPLY

At the current 12-month rate of absorptions, it will take slightly less than six months to absorb the current supply of new single-family dwellings in Alberta's urban centres. Typically, CMHC considers a six-month supply to be characteristic of a balanced market.

The urban multiple-family market has greater supply than the single-family market. At the current absorption rate, this supply should last approximately 13 months.

# Saskatchewan

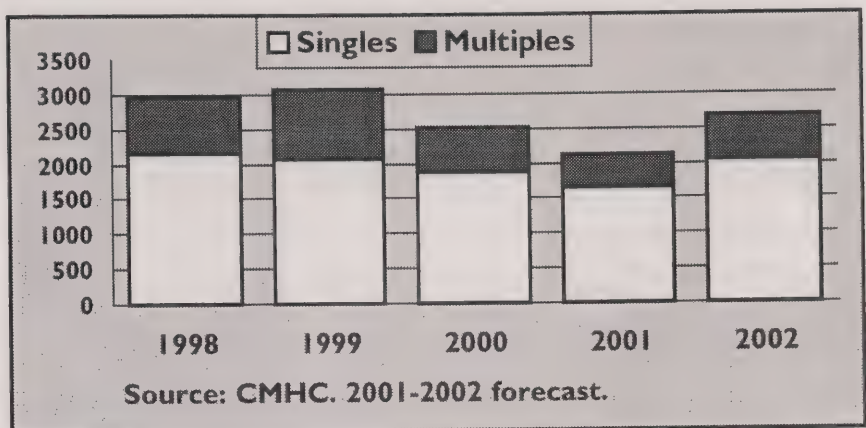
## Overview

### Starts to recover in 2002

Indicators are pointing to a mixed economic performance this year. Through the first quarter, total farm cash receipts increased by 13 per cent and manufacturing shipments were up by about 4.6 per cent. By contrast, total employment through the first four months of the year was down by 2.2 per cent, and average weekly earnings failed to keep pace with the overall rate of inflation.

Job losses have not affected all regions and sectors equally. Total employment in **Regina** is up but the number of jobs in most other major centres, including **Saskatoon**, has shrunk. Most of the job losses have been in part-time employment and have taken place in agriculture. Employment has increased in the primary industry, professional services, and public administration sectors.

## Saskatchewan Starts



The weak labour market relative to that of Alberta will continue to lead to an outflow of workers to that province. This outflow is contributing to a shortage of skilled labour and dampening housing demand.

Weak job markets combined with continued out-migration will contribute to a decrease of nearly 16 per cent in housing starts this year. Improving labour markets and a greater supply of more affordable homes in **Saskatoon** as a result of public-private partnerships should help starts return to higher levels in 2002.

## In Detail

**Single Starts:** Negative economic news for the first half of the year may have caused some households to delay purchasing new homes. As a result, single starts are expected to decline by nearly 13 per cent this year. Improved market conditions in **Saskatoon** and **Regina** will lead to a rebound in single starts next year.

**Multiple Starts:** Despite an anticipated recovery in 2002, multiple construction will remain below the levels seen over the past five years. Most of the new construction will be condominiums aimed at the more upscale, empty-nester market.

**Resales:** After declining in 2000, MLS sales are forecast to rise by two per cent in 2001. Total sales will reach 7,700 units this year and next. Nearly 75 per cent of these sales will take place in **Saskatoon** and **Regina**. The resale market in both of these centres will be classified as balanced in 2001.

**Prices:** The average MLS price is forecast to increase by 5.8 per cent in 2001 and 4 per cent in 2002. In **Saskatoon**, the average price will be driven up largely by a greater number of sales at the higher end of the price spectrum. Price gains in **Regina** will be more moderate than in **Saskatoon**.

## Spotlight on SASKATOON

In **Saskatoon**, the average size of a new single-family dwelling has been shrinking in recent years. In 1995, the average square footage of a single-detached home was about 1,650 square feet. Currently, the average size is just over 1,510 square feet.

From 1999 to 2000, the market share of new single-family homes priced between \$110,000 and \$150,000 increased from 33 per cent to 40 per cent. Conversely, the market share of homes priced above \$150,000 and less than \$190,000 declined by seven percentage points.



# Manitoba

## Overview

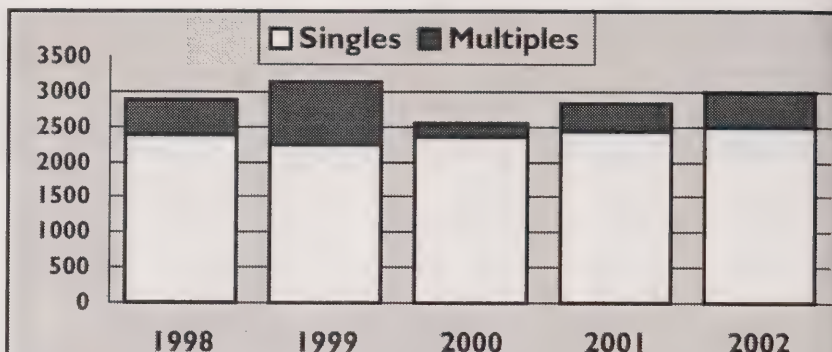
### Steady economic growth supports housing expansion

Housing starts will jump this year and rise again in 2002. Annual starts will be slightly higher than the average of the past five years. The housing outlook is a reflection of steady economic growth and favourable job creation and migration trends.

The service sector accounts for over two-thirds of economic output and about three-quarters of total employment. Compared to the goods-producing sector, services are less vulnerable to swings in overall economic activity. Although the number of jobs in the goods-producing sector declined by 2.4 per cent through the first five months of the year compared to the same period a year earlier, total employment was up by one per cent on the strength of a 2.2 per cent increase in service-sector employment.

The labour market will continue to tighten,

## Manitoba Starts



Source: CMHC, 2001-2002 forecast.

leading to a shortage of skilled labour in key industries. The resulting wage gains should have a beneficial impact on the demand for existing and new homes.

From January through May, average weekly earnings increased by 3.7 per cent over the same period last year. Wage gains in **Winnipeg** outpaced those in the rest of the province.

In the past two years, gains from international migration have offset losses from interprovincial migration. In 2001 and 2002, net migration levels should be above the average of the past five years.

## In Detail

**Single Starts:** Excess demand from the resale market will benefit the new home market. Look for moderate growth in single starts this year and next. Output will reach the highest level since 1990.

**Multiple Starts:** After reaching a record low in 2000, multiple starts are forecast to rebound. The majority of demand for multiples will come from the life-lease market that serves the housing needs of individuals aged 55 and over. Nearly two-thirds of these starts will take place in **Winnipeg**.

**Resales:** The resale market continues to benefit from low mortgage rates and a good job market. Total MLS sales should rise in 2001 and level off next year. Nearly 90 per cent of these sales will take place in the city of **Winnipeg** and surrounding areas.

**Prices:** Manitoba continues to have one of the most affordable resale markets in the country. However, an increase in the number of newly constructed homes aimed at move-up buyers being put on the market through MLS will push up average resale prices over the next two years.

## Spotlight on RURAL MARKETS

After reaching a low of about 14 per cent in 1984, rural markets have increased their share of single-detached starts in the province. Over the past five years, slightly over 40 per cent of new single-detached homes have been built in centres with a population of less than 10,000. In the same period, about 25 per cent of new multiple dwellings have been built in these centres.

# Ontario

## Overview

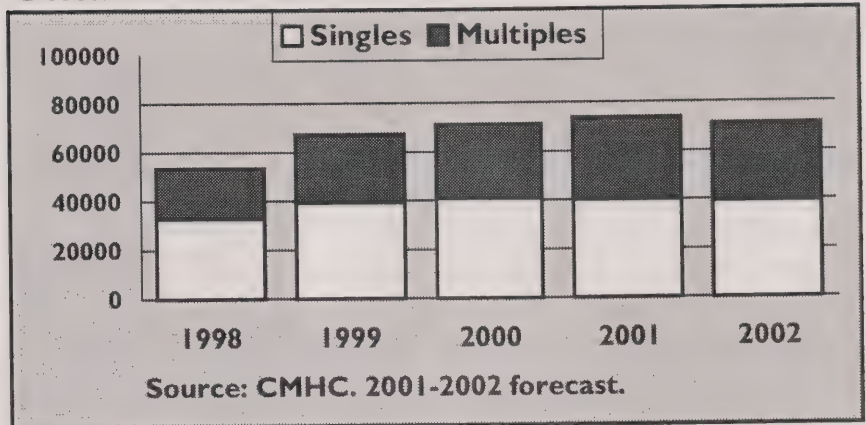
### Starts plateau at high levels

Home builders remain busy despite economic sluggishness in the United States and related uncertainty in Ontario's auto sector. Demand for homes has been buoyed by rising immigration, low interest rates, and active consumers.

The housing sector will continue to perform well. Starts will inch up this year before edging back in 2002. Although starts will remain strong, they will not attain the peak reached in the 1980s boom years. One key reason is that baby boomers, who were very active home purchasers in the late 1980s, are now at an age when most own homes.

For the year to date, housing starts are running ahead of last year. Condominiums and other ownership multiples have been responsible for this year's increase.

## Ontario Starts



Economics and demographics are the two main forces shaping housing demand. On the economic front, although job creation has hit minor turbulence, May employment levels were as high as ever. All the same, the province's leading economic indicators are mixed, with some edging lower, implying slower job creation in the remainder of the year. The impact of slower growth on the housing sector will be felt with a lag and will likely linger at the outset of next year.

On the demographic front, immigration is powering housing demand. Canada's high immigration targets were surpassed last year, with Ontario receiving the lion's share. Preliminary Ontario immigration data to date shows this year's inflows up by almost a third.

## In Detail

**Single Starts:** Active resale markets offer good opportunity for people selling current homes to move up to newly constructed ones. Single-detached home starts will remain high, albeit modestly lower than last year.

**Multiple Starts:** With prices rising, multiple-family homes are a lower-cost substitute for single-detached houses. Multiple starts will jump over a tenth this year before edging back next year. Most multiple construction will be in ownership homes: town homes and condominium apartments.

**Resales:** Resale markets are hot in many parts of the province. Home sales will remain high. Low mortgage rates and tight rental markets will keep first-time buyers out in force. Move-up home buyers will be encouraged by equity gains.

**Prices:** Expect price increases to remain

above the general rate of inflation. Leading price indicators, such as sales-to-new-listings ratios, indicate that resale markets are tight across most of Ontario.

## Spotlight on IMMIGRATION

**Population growth is the key ingredient to housing demand. Lower birth rates in an aging population are contributing less to population growth. Immigration is contributing more. Immigration levels have risen substantially this year. Ontario's established social and ethnic networks have attracted three-fifths of Canada's new arrivals.**

**What are some broad immigrant characteristics? Immigrants tend to be younger than an average Canadian-born person. Many are well educated. They tend initially to move into large urban centres and rent. First-home purchases average four years later in life than for people born in Canada.**



# Quebec

## Overview

### Residential construction to do well despite economic slowdown

Residential construction will post gains both this year and next year. The solid performance of the labour market in the last few quarters and the gradual depletion of the number of properties for sale and units for rent are factors that will support this increase.

In Quebec, the impact of the North American economic slowdown will be less significant than in the early 1990s since the province now exports more products that are less sensitive to economic cycles. Tax cuts will also help cushion the effects of the economic downturn. Economic growth will slow to 2.7 per cent in 2001 and then reach 3.0 per cent in 2002.

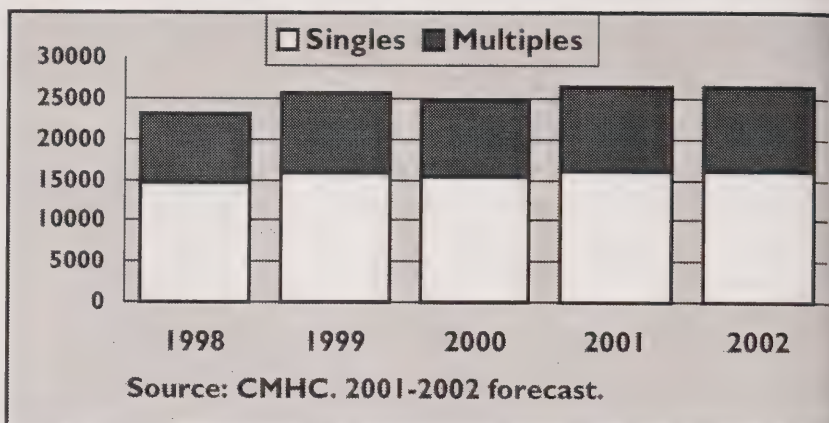
## In Detail

**Single Starts:** Low inventories of new and existing homes, the good performance of the job market, increasing disposable income, and low mortgage rates will buoy residential construction. Starts will reach 16,200 units this year and 16,100 in 2002.

**Multiple Starts:** The low vacancy rate observed in Quebec will be a major incentive for multiple starts. The retirement home market is also favoured by investors, and this trend will be maintained over the next few years with the aging of the population. Thanks to the dynamic condominium market in **Montréal**, starts of this type of housing will peak in 2001 before slowing next year.

**Resales:** The number of properties for sale is down, and there is increasing pressure on prices. Sales will continue to rise this year before dropping marginally in 2002, as a result of moderate employment growth and a more limited choice on the existing home market. Here too, low mortgage rates will encourage renter households to become homeowners.

## Quebec Starts



Over the next few years, job creation will remain positive despite a slower pace. The unemployment rate will level off at 8.4 per cent in 2001 and then fall to 8.2 per cent in 2002.

According to CMHC's October 2000 survey, the rental market in Quebec has a vacancy rate of 2.2 per cent. In the three large metropolitan areas (**Hull**, **Montréal** and **Québec**), the proportion of vacancies is under 2.0 per cent, and a further decrease is anticipated in 2001.

**Prices:** The resale market, increasingly favourable to sellers, will put upward pressure on the average price of existing homes, which will rise by 4.7 per cent this year and 4.3 per cent in 2002.

## Spotlight on HIGH-END CONSTRUCTION IN MONTREAL

**Second-and-third-time buyers will continue to be very active in the new home market. Specifically, they will fuel the high-end single-detached home market (starting at \$200,000), which has been booming for three years now.**

**This trend towards buyers requesting more luxurious properties will continue this year. Single-detached homes worth over \$200,000 should corner approximately 80 per cent of the market on Montreal Island and 25 per cent of the market in the suburbs.**

**This niche in the market offers more interesting profit margins to builders, since clients choose more options and are ready to pay more for luxury and quality.**

# New Brunswick

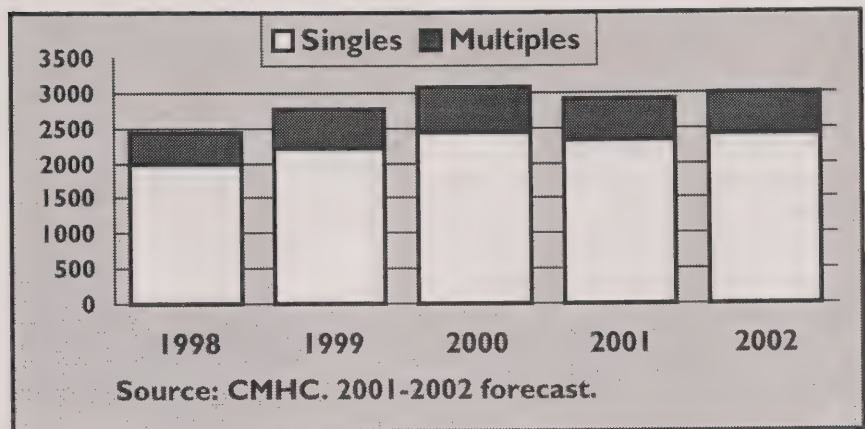
## Overview

### Transitional period for provincial economy

For the economy, 2001 represents a year of transition. While the "new economy" continues to generate some growth, traditional industries are having to adjust to current economic conditions. A slowdown in mega-project activity combined with a weaker U.S. economy will affect economic growth this year. Over the long term, economic prospects will continue to improve as a result of past and current investment in both energy and transportation infrastructure. Exports to the U.S. should also bounce back next year as the American economy improves. Expect GDP growth to moderate this year before rebounding in 2002.

Employment growth this year and next year will not match the pace set last year. Al-

## New Brunswick Starts



though economic conditions are expected to improve later on this year, annual employment growth will slow to around one per cent in 2001 and 2002. With labour force growth also expected to be around one per cent a year, the unemployment rate will remain close to 10 per cent.

Demand for employees in the information technology and service sectors will attract migrants to **Saint John, Moncton, and Fredericton**. Migration will help sustain rental demand and demand for new homes.

## In Detail

**Single Starts:** Severe winter conditions have delayed construction of single-family dwellings. Starts are expected to pick up in the second half of the year but will nonetheless drop nearly 5 per cent. Builders will have to wait until 2002 for starts to approach last year's total.

**Multiple Starts:** Multiple starts should drop this year before rising slightly in 2002. Near-record-low vacancy rates in **Saint John, Moncton, and Fredericton** are not currently enough to convince developers that sufficient demand exists for construction activity beyond what is currently planned for 2001.

**Resales:** A slow start for new residential construction combined with strong demand for single-family dwellings have generated higher-than-expected MLS sales to date this year. Look for sales this year to match last year's record.

**Prices:** Strong demand and limited listings will produce steady, moderate price gains this year and next.

## Spotlight on SAINT JOHN

Rental construction has been low in Saint John over the last five years. Developers have focused on converting old apartment buildings and empty commercial buildings into high-end units. Improving the attractiveness of this stock has helped reduce the vacancy rate in Saint John from a high of 9.1 per cent in 1996 to a record low 3.4 per cent in 2000.

The scarcity of buildings available for conversion combined with sustained demand and a limited supply of units available for rent will now encourage developers to build new rental structures. Rental starts will remain low again this year but improve over the next few years.



# Nova Scotia

## Overview

### Housing market to weaken with economy

Despite weak economic and employment growth so far in 2001, consumers remain confident as evidenced by retail sales growth and unexpected resilience in existing home sales. However, as weakness in the manufacturing, tourism, and trade sectors spreads into other parts of the service sector in the second half of the year, consumer confidence and housing market activity are expected to soften.

The slowdown in the U.S. economy will contribute to weakness in key sectors, such as tourism and exports. Look for economic growth to slow this year and begin to recover next year in tandem with improvement in the North American economies.

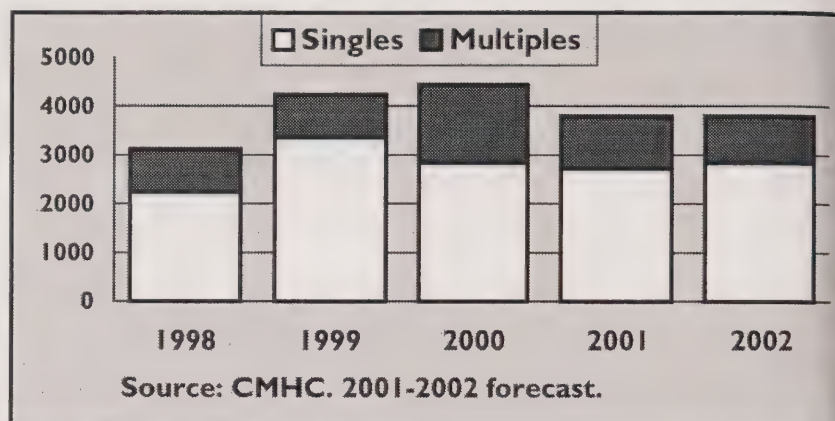
## In Detail

**Single Starts:** Starts have been unexpectedly sluggish so far this year as high costs are making it difficult for builders to adjust product offerings to suit a growing number of first-time homebuyers. Despite an anticipated rally in the third quarter, single starts are forecast to decline again in 2001, although more modestly than was the case last year.

**Multiple Starts:** Falling mortgage rates and rising rents have drawn more first-time homebuyers into the market, which in tandem with reduced net migration, has dampened rental market demand. Furthermore, because many apartment and condominium projects that were started in the second half of 2000 are still under construction, fewer developers feel that the time is right for new projects. Consequently, multiple unit starts are on track to decline by a third from last year.

**Resales:** Despite a persistent shortage of existing homes for sale and continued average price growth above the rate of inflation, MLS sales have been surprisingly

## Nova Scotia Starts



Employment growth should show the same pattern: a significant slowdown this year and some improvement next year.

After two strong years, housing starts are expected to drop this year and level off next year. Reduced multiple construction will account for the bulk of the decrease in starts. After hitting the highest level since 1991, multiple starts will return to levels close to the average of the last five years.

resilient so far in 2001. However, activity is still expected to slow significantly in the second half of the year with sales forecast to end this year on par with last year.

**Prices:** Despite an increasing number of first-time buyers in the market, healthy demand and a limited supply of homes for sale have kept prices buoyant so far this year. Average price growth is expected to slow down as the year progresses. Look for growth well below that seen in 2000 but still above the rate of inflation.

## Spotlight on CONDOMINIUMS

### Condo market established and growing

Existing condominium sales and construction of new condo projects have increased substantially in Nova Scotia over the last two years. Current sellers-market conditions are encouraging empty nesters and retirees to sell their homes, while tight rental markets are persuading baby boomers to buy upscale apartments and townhouses instead of renting.

With demand being driven mainly by baby boomers, spacious luxury units in prime locations such as downtown Halifax, Chester, and Wolfville will remain very popular over the next two years.

# P.E.I.

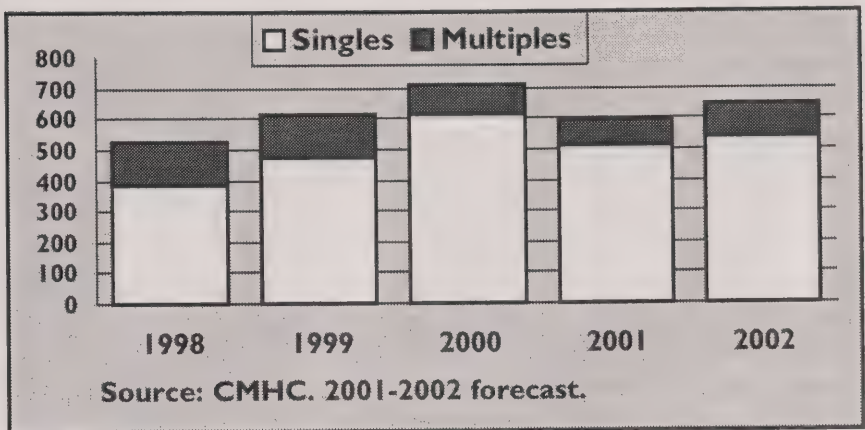
## Overview

### Steady economic growth expected

After a tremendous year in 2000 for both employment and economic growth, look for more subdued growth in 2001. The Island will continue to benefit from economic diversification, particularly the growing communications and aerospace sectors. The value of exports should remain stable, supported by the low value of the Canadian dollar even as the U.S. economy cools. With both the Canadian and U.S. economies slowing, look for economic growth in P.E.I. to slow from 4.0 per cent last year to 2.3 per cent this year, before increasing slightly in 2002 as the North American economy begins to rebound.

The labour force is expected to grow through a combination of more Islanders looking for jobs and continuing positive net

## P.E.I. Starts



migration. Labour force growth is forecast to match employment growth in 2001, keeping the unemployment rate steady. Expect the unemployment rate to drop in 2002 as employment gains outpace labour force growth.

Momentum from a strong year for single starts in 2000 will ensure housing starts remain well above historical averages in 2001 and 2002. As a result of the slowing economy, look for housing starts to drop this year and rise moderately in 2002. Despite the decline in 2001, starts will still reach the third-highest level in the past ten years.

## In Detail

**Single Starts:** Last year, starts reached the highest level since 1988. Due to a decreasing number of rural starts across the province, single starts are expected to drop to 510 and 535 in 2001 and 2002, respectively. These levels still represent the second and third highest outputs since 1988.

**Multiple Starts:** Although tight rental market conditions exist in **Charlottetown** and **Summerside**, a significant increase in multiple starts is not expected over the forecast period since developers are unsure of the depth of demand. Multiple starts are expected to decrease in 2001, before rebounding slightly in 2002.

**Resales:** The demand for existing homes is strong, as is evident from the tremendous year-over-year growth in MLS sales since 1995. Last year, sales set a record. The upward trend is expected to continue in 2001, before sales drop slightly in 2002.

**Prices:** Strong demand for existing homes, especially in the **Charlottetown** area, combined with a shortage of houses available for sale at an affordable price, will keep average resale prices rising at a modest clip.

## Spotlight on CONSTRUCTION

### Commercial investment to remain strong

The Island is about to see the start of construction for two major commercial projects. In **Charlottetown**, construction of a new \$20.4 million **Atlantic Technology Centre** is soon to begin. This centre will be designed to help attract and retain information technology companies. As well, **Summerside** is about to commence construction of the new \$50-million-plus **East Prince Health Facility**, the single largest investment the province has ever made in the area of health.

These two projects will see a great deal of money injected into the local economies and should continue to help stimulate local housing markets in **Charlottetown** and **Summerside**.



# Newfoundland

## Overview

### Oil production and higher incomes keep economic expansion on track

Despite delays in the Terra Nova project, the oil industry will remain the major catalyst of economic growth over the medium to long term. Production at Hibernia should reach its annual limit of 66 million barrels next year, up from about 53 million barrels in 2000. The expected start-up of the White Rose project and commencement of production at the onshore Garden Hill oil development will also bolster output this year and next. With the Terra Nova project expected to quickly reach its full production limit of around 45 million barrels, a significant jump in economic growth is forecast in 2002. By contrast, the growth forecast for this year has been cut in light of recent reductions in the shrimp and crab fisheries.

Following an 18-month hiatus, formal discussions between the Province and Inco

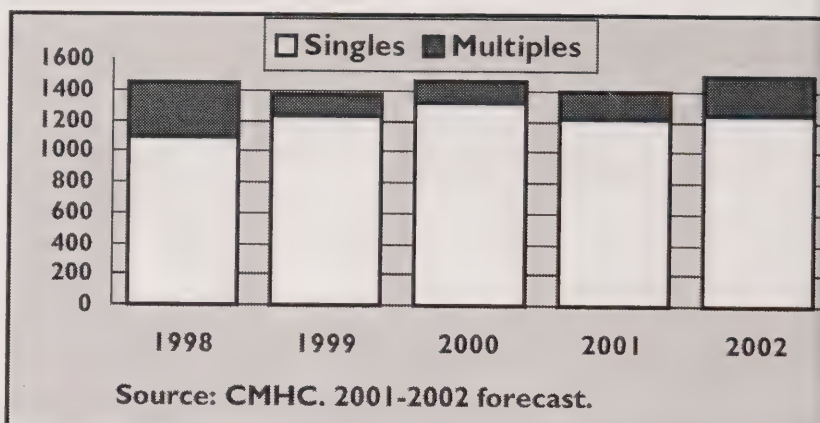
## In Detail

**Single Starts:** A limited supply of existing homes and rising employment and incomes, particularly in **St. John's**, will keep single starts at healthy levels. While improved weather has allowed builders to clear the backlog of sales created by the worst winter on record, these earlier losses will not be fully offset in 2001. As a result, starts will drop this year before rising slightly in 2002.

**Multiple Starts:** Multiple starts should rise this year and next year. During the mid to late 1990s, record outmigration led to a glut of housing and reduced rental construction. With most of the vacant rental stock now converted to condominiums and demand growing, look for rental construction to increase in coming years. Rising development costs mean the new stock will be higher-priced, targeted towards aging boomers and seniors. These groups, as well as migrants to the **St. John's** region, will also support construction of mid-to-high-priced apartment and townhouse condominiums.

**Resales:** The resale market has been

## Newfoundland Starts



Limited to develop the Voisey's Bay nickel deposit recommenced in mid-June. A decision to proceed would present upside risk to the economic and housing forecasts.

Healthy income growth will fuel consumer spending and lead to further gains in service industries. Employment will rise 1.0 per cent this year and 1.5 per cent in 2002. Job growth as well as the decentralization of provincial government services should benefit urban housing markets outside St. John's. In contrast, rural areas will remain weak as populations decline and reductions in the shrimp and crab fisheries suppress home buying.

resilient this year. Quality listings remain scarce, producing some demand spillover to the new home market. Look for MLS sales to rise marginally this year and next.

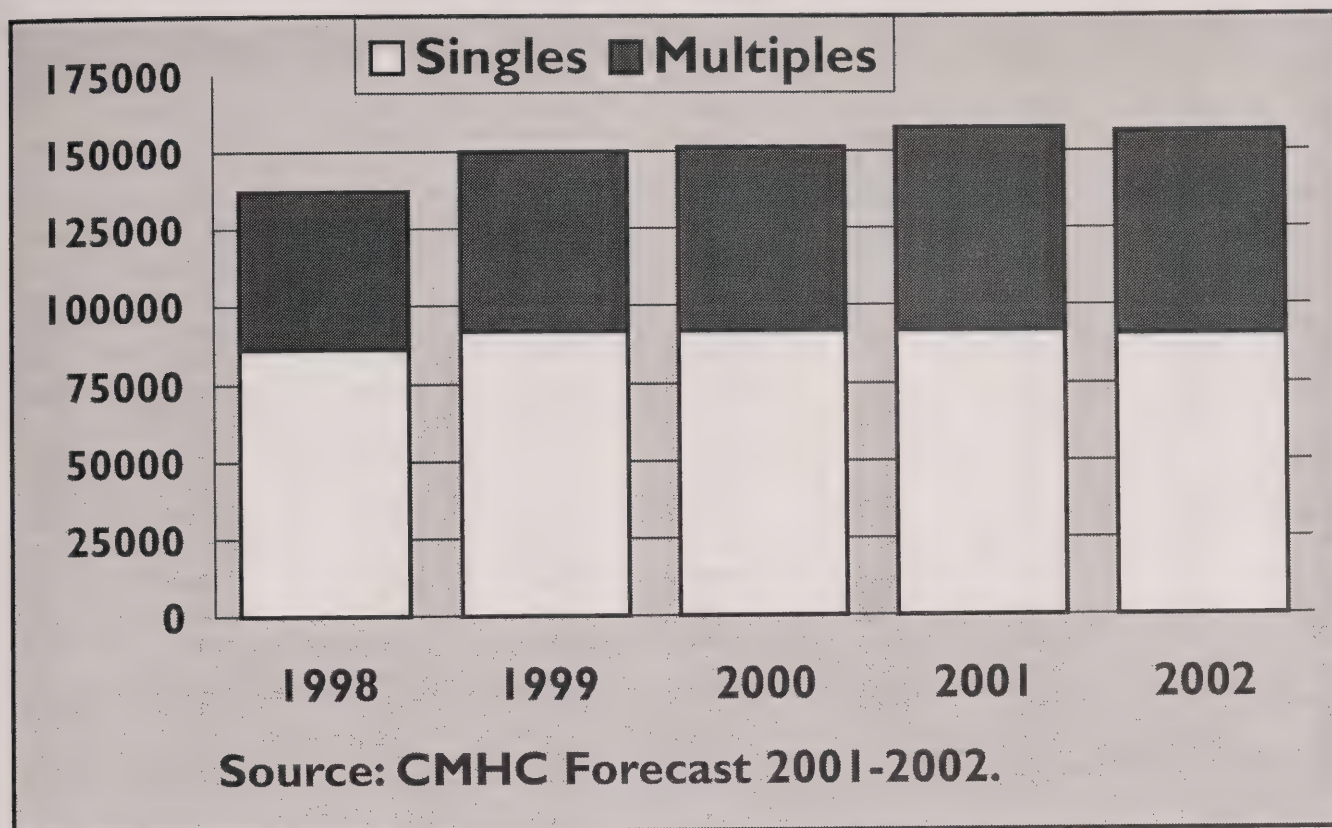
**Prices:** Tight supplies and a continuing shift towards more expensive homes will produce steady but modest price gains this year and next.

## Spotlight on ST. JOHN'S

The housing market strengthened significantly in the downtown core of St. John's in recent years. Sales of existing homes increased 8.8 per cent last year and were up by almost 30 per cent from 1998. Since 1998, average resale prices jumped 21 per cent, and the average time to sell a home fell from 55 to 45 days.

While extensive upgrading of the existing stock accounts for much of the increase in home values, growing demand is also pushing prices up. Professionals in the oil and high-tech industries as well as individuals and childless couples are the groups fuelling the downtown market. Given the outlook for continued expansion in the oil industry as well as the economic impacts of the new Mile One Stadium and Convention Centre, prospects for the downtown remain favourable.

# Canada Starts



## Total Housing Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	2034	1696	1450	1371	1459	1400	1500
%	18.8	-16.6	-14.5	-5.4	6.4	-4.0	7.1
<b>PEI</b>	554	470	524	616	710	595	645
%	31.3	-15.2	11.5	17.6	15.3	-16.2	8.4
<b>NS</b>	4059	3813	3137	4250	4432	3800	3800
%	-2.6	-6.1	-17.7	35.5	4.3	-14.3	0.0
<b>NB</b>	2722	2702	2447	2776	3079	2900	3000
%	18.3	-0.7	-9.4	13.4	10.9	-5.8	3.4
<b>QUE</b>	23220	25896	23138	25742	24695	26400	26500
%	6.1	11.5	-10.7	11.3	-4.1	6.9	0.4
<b>ONT</b>	43062	54072	53830	67235	71521	73900	71500
%	20.2	25.6	-0.4	24.9	6.4	3.3	-3.2
<b>MAN</b>	2318	2612	2895	3133	2560	2820	3000
%	18.1	12.7	10.8	8.2	-18.3	10.2	6.4
<b>SASK</b>	2438	2757	2965	3089	2513	2120	2700
%	43.2	13.1	7.5	4.2	-18.6	-15.6	27.4
<b>ALTA</b>	16665	23671	27122	25447	26266	26750	26000
%	19.8	42.0	14.6	-6.2	3.2	1.8	-2.8
<b>BC</b>	27641	29351	19931	16309	14418	17300	18000
%	2.2	6.2	-32.1	-18.2	-11.6	20.0	4.0
<b>CAN</b>	124713	147040	137439	149968	151653	*158000	*156600
%	12.4	17.9	-6.5	9.1	1.1	4.2	-0.9

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>1395</b>	<b>1220</b>	<b>1086</b>	<b>1233</b>	<b>1315</b>	<b>1225</b>	<b>1250</b>
%	19.7	-12.5	-11.0	13.5	6.7	-6.8	2.0
<b>PEI</b>	<b>430</b>	<b>374</b>	<b>387</b>	<b>472</b>	<b>614</b>	<b>510</b>	<b>535</b>
%	18.1	-13.0	3.5	22.0	30.1	-16.9	4.9
<b>NS</b>	<b>3278</b>	<b>2939</b>	<b>2257</b>	<b>3345</b>	<b>2856</b>	<b>2725</b>	<b>2850</b>
%	7.8	-10.3	-23.2	48.2	-14.6	-4.6	4.6
<b>NB</b>	<b>2173</b>	<b>2125</b>	<b>1989</b>	<b>2201</b>	<b>2442</b>	<b>2325</b>	<b>2400</b>
%	26.2	-2.2	-6.4	10.7	10.9	-4.8	3.2
<b>QUE</b>	<b>14818</b>	<b>16073</b>	<b>14685</b>	<b>15798</b>	<b>15349</b>	<b>16200</b>	<b>16100</b>
%	10.4	8.5	-8.6	7.6	-2.8	5.5	-0.6
<b>ONT</b>	<b>27019</b>	<b>35401</b>	<b>32737</b>	<b>39421</b>	<b>41087</b>	<b>39900</b>	<b>39000</b>
%	34.3	31.0	-7.5	20.4	4.2	-2.9	-2.3
<b>MAN</b>	<b>1875</b>	<b>2019</b>	<b>2368</b>	<b>2231</b>	<b>2348</b>	<b>2450</b>	<b>2500</b>
%	19.9	7.7	17.3	-5.8	5.2	4.3	2.0
<b>SASK</b>	<b>1612</b>	<b>1954</b>	<b>2154</b>	<b>2070</b>	<b>1890</b>	<b>1650</b>	<b>2050</b>
%	20.2	21.2	10.2	-3.9	-8.7	-12.7	24.2
<b>ALTA</b>	<b>12949</b>	<b>18170</b>	<b>20077</b>	<b>16688</b>	<b>16835</b>	<b>17500</b>	<b>17200</b>
%	28.3	40.3	10.5	-16.9	0.9	4.0	-1.7
<b>BC</b>	<b>12447</b>	<b>12911</b>	<b>8691</b>	<b>8731</b>	<b>7448</b>	<b>7300</b>	<b>7000</b>
%	7.5	3.7	-32.7	0.5	-14.7	-2.0	-4.1
<b>CAN</b>	<b>77996</b>	<b>93186</b>	<b>86431</b>	<b>92190</b>	<b>92184</b>	<b>*91800</b>	<b>*90900</b>
%	21.1	19.5	-7.2	6.7	-0.0	-0.4	-1.0

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>639</b>	<b>476</b>	<b>364</b>	<b>138</b>	<b>144</b>	<b>175</b>	<b>250</b>
%	16.8	-25.5	-23.5	-62.1	4.3	21.5	42.9
<b>PEI</b>	<b>124</b>	<b>96</b>	<b>137</b>	<b>144</b>	<b>96</b>	<b>85</b>	<b>110</b>
%	113.8	-22.6	42.7	5.1	-33.3	-11.5	29.4
<b>NS</b>	<b>781</b>	<b>874</b>	<b>880</b>	<b>905</b>	<b>1576</b>	<b>1075</b>	<b>950</b>
%	-30.8	11.9	0.7	2.8	74.1	-31.8	-11.6
<b>NB</b>	<b>549</b>	<b>577</b>	<b>458</b>	<b>575</b>	<b>637</b>	<b>575</b>	<b>600</b>
%	-5.0	5.1	-20.6	25.5	10.8	-9.7	4.3
<b>QUE</b>	<b>8402</b>	<b>9823</b>	<b>8453</b>	<b>9944</b>	<b>9346</b>	<b>10200</b>	<b>10400</b>
%	-0.7	16.9	-13.9	17.6	-6.0	9.1	2.0
<b>ONT</b>	<b>16043</b>	<b>18671</b>	<b>21093</b>	<b>27814</b>	<b>30434</b>	<b>34000</b>	<b>32500</b>
%	2.2	16.4	13.0	31.9	9.4	11.7	-4.4
<b>MAN</b>	<b>443</b>	<b>593</b>	<b>527</b>	<b>902</b>	<b>212</b>	<b>370</b>	<b>500</b>
%	11.0	33.9	-11.1	71.2	-76.5	74.5	35.1
<b>SASK</b>	<b>826</b>	<b>803</b>	<b>811</b>	<b>1019</b>	<b>623</b>	<b>470</b>	<b>650</b>
%	128.8	-2.8	1.0	25.6	-38.9	-24.6	38.3
<b>ALTA</b>	<b>3716</b>	<b>5501</b>	<b>7045</b>	<b>8759</b>	<b>9431</b>	<b>9250</b>	<b>8800</b>
%	-2.5	48.0	28.1	24.3	7.7	-1.9	-4.9
<b>BC</b>	<b>15194</b>	<b>16440</b>	<b>11240</b>	<b>7578</b>	<b>6970</b>	<b>10000</b>	<b>11000</b>
%	-1.8	8.2	-31.6	-32.6	-8.0	43.5	10.0
<b>CAN</b>	<b>46717</b>	<b>53854</b>	<b>51008</b>	<b>57778</b>	<b>59469</b>	<b>*66200</b>	<b>*65800</b>
%	0.4	15.3	-5.3	13.3	2.9	11.3	-0.6

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type

		1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	Semi-detached	141	158	163	50	44	30	60
	Row	40	18	20	9	23	50	40
	Apartment	458	300	181	79	77	95	150
	Total	639	476	364	138	144	175	250
PEI	Semi-detached	10	12	28	32	46	25	30
	Row	68	43	10	31	21	5	10
	Apartment	46	41	99	81	29	55	70
	Total	124	96	137	144	96	85	110
NS	Semi-detached	447	303	290	218	266	225	200
	Row	59	58	89	29	17	25	50
	Apartment	275	513	501	658	1293	825	700
	Total	781	874	880	905	1576	1075	950
NB	Semi-detached	138	106	106	134	113	60	110
	Row	92	132	89	94	26	145	60
	Apartment	319	339	263	347	498	370	430
	Total	549	577	458	575	637	575	600
QUE	Semi-detached	2384	2767	1930	1586	1291	1250	1250
	Row	1094	1433	1074	1184	858	850	850
	Apartment	4924	5623	5449	7174	7197	8100	8300
	Total	8402	9823	8453	9944	9346	10200	10400
ONT	Semi-detached	3348	4299	4575	6445	7167	7500	7100
	Row	8124	9964	10073	10425	10846	9500	9100
	Apartment	4571	4408	6445	10944	12421	17000	16300
	Total	16043	18671	21093	27814	30434	34000	32500
MAN	Semi-detached	126	143	131	90	52	70	90
	Row	113	96	81	151	63	95	130
	Apartment	204	354	315	661	97	205	280
	Total	443	593	527	902	212	370	500
SASK	Semi-detached	134	160	174	155	148	90	120
	Row	193	352	222	104	173	125	175
	Apartment	499	291	415	760	302	255	355
	Total	826	803	811	1019	623	470	650
ALTA	Semi-detached	1049	1458	1428	1570	1518	1500	1600
	Row	1203	1691	1512	1424	1545	1600	1650
	Apartment	1464	2352	4105	5765	6368	6150	5550
	Total	3716	5501	7045	8759	9431	9250	8800
BC	Semi-detached	1528	1979	1218	816	885	1000	1100
	Row	3364	3469	2117	1444	1675	2000	2100
	Apartment	10302	10992	7905	5318	4410	7000	7800
	Total	15194	16440	11240	7578	6970	10000	11000
CAN	Semi-detached	9305	11385	10043	11096	11530	*11800	*11700
	Row	14350	17256	15287	14895	15247	*14400	*14200
	Apartment	23062	25213	25678	31787	32692	*40100	*39900
	Total	46717	53854	51008	57778	59469	*66200	*65800

Source: CMHC Forecast 2001-2002.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/Co-op		Total Rental	Condo	Other*	Total 10,000+		
		Private	Assisted						
NFLD	2000	0	0	0	15	101	116	28	144
	2001	100	0	100	35	30	165	10	175
	2002	150	0	150	50	40	240	10	250
PEI	2000	62	0	62	0	10	72	24	96
	2001	40	0	40	10	10	60	25	85
	2002	40	0	40	40	10	90	20	110
NS	2000	809	0	809	371	150	1330	246	1576
	2001	560	40	600	250	75	925	150	1075
	2002	525	0	525	200	75	800	150	950
NB	2000	354	0	354	41	180	575	62	637
	2001	300	0	300	125	100	525	50	575
	2002	330	0	330	100	120	550	50	600
QUE	2000	3721	0	3721	3697	1432	8850	496	9346
	2001	4200	0	4200	4000	1300	9500	700	10200
	2002	4650	0	4650	3750	1300	9700	700	10400
ONT	2000	2045	0	2045	13176	15157	30378	56	30434
	2001	3700	0	3700	16300	13860	33860	140	34000
	2002	3870	0	3870	15300	13200	32370	130	32500
MAN	2000	91	0	91	36	14	141	71	212
	2001	155	0	155	110	15	280	90	370
	2002	225	0	225	140	20	385	115	500
SASK	2000	26	0	26	471	78	575	48	623
	2001	35	0	35	350	50	435	35	470
	2002	55	0	55	470	75	600	50	650
ALTA	2000	1255	0	1255	6141	888	8284	1147	9431
	2001	1600	0	1600	5775	700	8075	1175	9250
	2002	1400	0	1400	5825	500	7725	1075	8800
BC	2000	1055	524	1579	3978	809	6366	604	6970
	2001	1800	800	2600	5700	900	9200	800	10000
	2002	2000	800	2800	6300	1000	10100	900	11000
CAN	2000	9418	524	9942	27926	18819	56687	2782	59469
	2001	12490	840	13330	32655	17040	63025	3175	**66200
	2002	13245	800	14045	32175	16340	62560	3200	**65800

Source: CMHC Forecast 2001-2002.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

### MLS Total Residential Sales (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>2005</b>	<b>2170</b>	<b>2288</b>	<b>2437</b>	<b>2593</b>	<b>2625</b>	<b>2650</b>
%	21.1	8.2	5.4	6.5	6.4	1.2	1.0
<b>PEI</b>	<b>750</b>	<b>806</b>	<b>1125</b>	<b>1184</b>	<b>1206</b>	<b>1225</b>	<b>1200</b>
%	57.6	7.5	39.6	5.2	1.9	1.6	-2.0
<b>NS</b>	<b>8372</b>	<b>7567</b>	<b>8052</b>	<b>8827</b>	<b>8429</b>	<b>8450</b>	<b>8650</b>
%	19.3	-9.6	6.4	9.6	-4.5	0.2	2.4
<b>NB</b>	<b>4023</b>	<b>3941</b>	<b>3908</b>	<b>4080</b>	<b>4524</b>	<b>4525</b>	<b>4550</b>
%	15.1	-2.0	-0.8	4.4	10.9	0.0	0.6
<b>QUE</b>	<b>39135</b>	<b>43463</b>	<b>45192</b>	<b>49792</b>	<b>53755</b>	<b>55300</b>	<b>55000</b>
%	31.4	11.1	4.0	10.2	8.0	2.9	-0.5
<b>ONT</b>	<b>137921</b>	<b>140608</b>	<b>138463</b>	<b>148659</b>	<b>147036</b>	<b>152000</b>	<b>149000</b>
%	31.4	1.9	-1.5	7.4	-1.1	3.4	-2.0
<b>MAN</b>	<b>10965</b>	<b>11180</b>	<b>10762</b>	<b>11111</b>	<b>10612</b>	<b>11100</b>	<b>11100</b>
%	12.5	2.0	-3.7	3.2	-4.5	4.6	0.0
<b>SASK</b>	<b>8689</b>	<b>8346</b>	<b>8068</b>	<b>8053</b>	<b>7552</b>	<b>7700</b>	<b>7700</b>
%	18.2	-3.9	-3.3	-0.2	-6.2	2.0	0.0
<b>ALTA</b>	<b>37485</b>	<b>43693</b>	<b>43383</b>	<b>42684</b>	<b>43311</b>	<b>45600</b>	<b>45000</b>
%	28.8	16.6	-0.7	-1.6	1.5	5.3	-1.3
<b>BC</b>	<b>72182</b>	<b>68182</b>	<b>52910</b>	<b>58084</b>	<b>54179</b>	<b>64000</b>	<b>65000</b>
%	24.3	-5.5	-22.4	9.8	-6.7	18.1	1.6
<b>CAN</b>	<b>321527</b>	<b>329956</b>	<b>314151</b>	<b>334911</b>	<b>333197</b>	<b>*352500</b>	<b>*349900</b>
%	27.7	2.6	-4.8	6.6	-0.5	5.8	-0.7

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

### MLS Average Residential Price (dollars and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>93661</b>	<b>92226</b>	<b>91514</b>	<b>94359</b>	<b>99525</b>	<b>101000</b>	<b>102500</b>
%	4.6	-1.5	-0.8	3.1	5.5	1.5	1.5
<b>PEI</b>	<b>83922</b>	<b>86403</b>	<b>79577</b>	<b>82139</b>	<b>82883</b>	<b>84500</b>	<b>85250</b>
%	13.7	3.0	-7.9	3.2	0.9	2.0	0.9
<b>NS</b>	<b>93444</b>	<b>96693</b>	<b>97015</b>	<b>102628</b>	<b>110269</b>	<b>115000</b>	<b>118000</b>
%	4.1	3.5	0.3	5.8	7.4	4.3	2.6
<b>NB</b>	<b>84198</b>	<b>87204</b>	<b>86648</b>	<b>88072</b>	<b>91624</b>	<b>92500</b>	<b>94000</b>
%	0.2	3.6	-0.6	1.6	4.0	1.0	1.6
<b>QUE</b>	<b>98435</b>	<b>101715</b>	<b>103947</b>	<b>107501</b>	<b>111260</b>	<b>116500</b>	<b>121500</b>
%	-0.3	3.3	2.2	3.4	3.5	4.7	4.3
<b>ONT</b>	<b>155662</b>	<b>164382</b>	<b>167115</b>	<b>174049</b>	<b>183870</b>	<b>193000</b>	<b>200000</b>
%	0.7	5.6	1.7	4.1	5.6	5.0	3.6
<b>MAN</b>	<b>85318</b>	<b>85404</b>	<b>86419</b>	<b>84525</b>	<b>87884</b>	<b>92000</b>	<b>96000</b>
%	4.2	0.1	1.2	-2.2	4.0	4.7	4.3
<b>SASK</b>	<b>77478</b>	<b>83978</b>	<b>87577</b>	<b>91396</b>	<b>94047</b>	<b>99500</b>	<b>103500</b>
%	5.0	8.4	4.3	4.4	2.9	5.8	4.0
<b>ALTA</b>	<b>117673</b>	<b>124865</b>	<b>132905</b>	<b>139621</b>	<b>146258</b>	<b>151500</b>	<b>156000</b>
%	2.5	6.1	6.4	5.1	4.8	3.6	3.0
<b>BC</b>	<b>218687</b>	<b>220512</b>	<b>212045</b>	<b>215283</b>	<b>221371</b>	<b>218000</b>	<b>223500</b>
%	-1.4	0.8	-3.8	1.5	2.8	-1.5	2.5
<b>CAN</b>	<b>150837</b>	<b>154644</b>	<b>152402</b>	<b>158126</b>	<b>164135</b>	<b>*170700</b>	<b>*176400</b>
%	0.3	2.5	-1.4	3.8	3.8	4.0	3.3

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.



Employment (annual per cent change)							
	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-3.7	1.2	2.6	5.5	-0.2	1.0	1.5
PEI	2.9	0.5	1.9	1.5	5.3	1.5	1.1
NS	0.2	1.6	3.8	2.4	2.7	1.2	1.3
NB	-1.2	1.5	2.3	3.3	1.8	1.4	0.9
QUE	-0.1	1.6	2.7	2.3	2.4	1.7	1.5
ONT	1.0	2.6	3.3	3.6	3.2	1.9	2.0
MAN	-0.1	1.3	1.9	1.3	2.2	1.1	1.8
SASK	-0.4	2.7	1.3	0.8	1.0	0.8	1.1
ALTA	2.9	3.5	3.9	2.5	2.3	2.0	1.9
BC	1.6	2.6	0.1	1.9	2.2	1.8	2.0
CAN	0.8	2.3	2.7	2.8	2.6	1.7	1.8

Source: Statistics Canada, CMHC Forecast 2001-2002.  
(F) Forecast.

Unemployment Rate (per cent)							
	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	19.3	18.6	18.0	16.9	16.7	16.3	15.6
PEI	14.8	15.4	13.9	14.4	12.0	11.5	11.3
NS	12.3	12.1	10.5	9.6	9.1	8.9	8.7
NB	11.6	12.7	12.2	10.2	10.0	9.7	9.6
QUE	11.9	11.4	10.3	9.3	8.4	8.3	8.0
ONT	9.0	8.4	7.2	6.3	5.7	6.2	6.6
MAN	7.2	6.5	5.5	5.6	4.9	5.0	4.8
SASK	6.6	5.9	5.8	6.1	5.2	4.9	4.8
ALTA	6.9	5.8	5.6	5.7	5.0	5.0	4.8
BC	8.7	8.4	8.8	8.3	7.2	7.2	7.2
CAN	9.6	9.1	8.3	7.6	6.8	7.0	7.0

Source: Statistics Canada, CMHC Forecast 2001-2002.  
(F) Forecast.

## Real Gross Domestic Product (annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-4.2	1.1	6.0	6.0	5.2	3.0	5.0
PEI	3.2	-1.9	3.0	3.2	4.0	2.7	2.5
NS	0.3	3.2	3.0	5.2	2.7	1.9	2.1
NB	1.3	0.4	4.0	4.2	3.9	2.0	2.5
QUE	1.4	3.3	3.0	4.7	4.2	2.7	3.0
ONT	1.1	4.9	4.1	6.1	5.7	3.1	3.3
MAN	3.0	3.4	2.9	3.0	3.5	2.5	2.8
SASK	1.9	5.2	2.4	1.1	3.0	2.3	2.5
ALTA	2.4	7.5	3.7	2.5	6.5	4.1	3.5
BC	2.8	3.3	0.9	2.1	3.4	2.5	2.0
CAN	1.5	4.4	3.3	4.5	4.7	2.7	3.0

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.

(E) Estimate (for provinces only). (F) Forecast.

## Total Net Migration\* (persons)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-7934	-8414	-7752	-2245	-3341	-2250	-2000
PEI	595	-232	56	916	403	750	550
NS	1599	527	302	2990	990	750	500
NB	-620	-1223	-2169	1293	866	1000	700
QUE	5422	-1981	475	4333	3486	1800	1000
ONT	84158	93877	70991	97202	123772	135000	133000
MAN	-1476	-4179	-1333	1757	752	-580	380
SASK	-588	-1473	507	-4599	-7350	-4140	-2000
ALTA	24722	40645	48882	23019	30121	23300	17700
BC	67505	44614	7703	21356	17892	27000	33000
CAN**	173383	162161	117662	146022	167591	182630	182830

Source: Statistics Canada, CMHC Forecast 2001-2002.

(F) Forecast.

\* Sum of interprovincial migration, international migration, and non-permanent residents.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual chg. %	MLS sales	MLS single-detached average price	*	Rental vacancy rate, structures of 3 units +
Victoria	2000	872	531	-4.3	4508	251398	A	1.8
	2001(F)	980	550	0.9	4750	253000	A	1.4
	2002(F)	1060	590	2.3	5020	260500	A	1.0
Vancouver	2000	8203	3132	-1.0	20401	378130	A	1.4
	2001(F)	9200	3100	0.5	23500	374300	A	1.2
	2002(F)	10000	3200	1.0	24200	385500	A	1.0
Edmonton	2000	6228	4072	2.1	14189	124203	A	1.4
	2001(F)	6600	4200	2.4	14600	130000	A	1.5
	2002(F)	6650	4250	3.0	14500	134000	A	1.8
Calgary	2000	11093	6749	2.4	19828	176305	A	1.3
	2001(F)	10000	6600	2.5	20600	183900	A	1.8
	2002(F)	9600	6500	2.3	20500	190000	A	1.8
Saskatoon	2000	968	602	2.0	2758	112567	A	1.4
	2001(F)	750	500	2.0	2800	117000	A	2.0
	2002(F)	1000	650	2.5	2800	121500	A	2.0
Regina	2000	615	459	2.6	2612	94518	A	1.4
	2001(F)	500	400	3.5	2700	97500	A	2.0
	2002(F)	625	475	3.5	2700	100000	A	2.0
Winnipeg	2000	1317	1210	2.8	9465	88553	A	2.0
	2001(F)	1475	1225	2.5	9950	92500	A	1.5
	2002(F)	1600	1275	2.5	9950	95500	A	1.5
Thunder Bay	2000	154	141	-1.3	1279	109811	A	5.8
	2001(F)	250	140	-1.0	1305	110909	A	4.0
	2002(F)	260	150	0.3	1344	112018	A	3.0
Sudbury	2000	173	169	-1.3	1825	109262	A	7.7
	2001(F)	185	175	-1.0	1830	109500	A	7.5
	2002(F)	190	180	0.3	1875	109700	A	7.0
Windsor	2000	2382	1748	0.7	4616	137453	A	1.9
	2001(F)	1825	1525	0.5	4550	138000	A	1.8
	2002(F)	2025	1575	0.5	4600	139380	A	2.0
London	2000	1713	1198	2.9	6505	134594	A	2.2
	2001(F)	1780	1220	2.2	6700	137000	A	2.1
	2002(F)	1755	1125	1.5	6450	138500	A	1.8
Kitchener	2000	3509	2261	4.0	4567	157386	A	0.7
	2001(F)	3500	2250	3.6	4550	165500	A	0.8
	2002(F)	3500	2400	3.6	4600	172500	A	1.2
St. Catharines-Niagara	2000	1230	962	4.2	4977	130854	A	2.6
	2001(F)	1280	900	2.7	5075	135750	A	2.3
	2002(F)	1400	975	3.3	5250	139900	A	2.0
Hamilton	2000	3108	1884	2.5	10347	164168	A	1.7
	2001(F)	3200	1875	2.8	10750	171500	A	1.3
	2002(F)	3340	1925	3.3	10900	178400	A	1.4
Toronto	2000	38982	17119	2.7	58343	243255	A	0.6
	2001(F)	40000	15000	2.8	61000	249000	A	0.7
	2002(F)	37000	14500	1.6	58000	254000	A	0.8

## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual chg. %	MLS sales	MLS single-detached average price	*	Rental vacancy rate Structures of 3 units +
Oshawa	2000	2874	2152	n.a.	4401	164416	A	1.7
	2001(F)	2750	2000	n.a.	4200	170000	A	1.6
	2002(F)	2650	2000	n.a.	4150	175000	A	1.4
Ottawa	2000	5786	3494	7.3	12692	186992	A	0.2
	2001(F)	6980	4075	11.3	12172	202886	A	0.3
	2002(F)	7210	3940	8.4	12635	216682	A	0.5
Full	2000	1224	768	n.a.	3230	91000	S	1.4
	2001(F)	1350	1075	n.a.	3000	94000	S	1.2
	2002(F)	1400	1030	n.a.	2850	96000	S	1.5
Montréal	2000	12766	6800	3.7	29555	132632	A	1.5
	2001(F)	13300	7900	5.0	31000	139900	A	1.0
	2002(F)	13000	7500	5.0	30500	146400	A	0.8
Trois-Rivières	2000	337	225	n.a.	860	78000	A	6.8
	2001(F)	410	230	n.a.	855	79500	A	6.2
	2002(F)	400	230	n.a.	855	80500	A	6.0
Sherbrooke	2000	515	283	n.a.	1114	91300	A	4.7
	2001(F)	560	320	n.a.	1200	92800	A	3.5
	2002(F)	600	270	n.a.	1150	92800	A	3.0
Québec	2000	2275	1262	2.1	6254	88996	A	1.6
	2001(F)	2350	1370	2.0	6450	91500	A	1.0
	2002(F)	2450	1375	2.2	6250	94000	A	1.0
Chicoutimi-Jonquière	2000	296	203	n.a.	785	82331	S	4.4
	2001(F)	295	205	n.a.	725	83750	S	4.5
	2002(F)	300	205	n.a.	700	85000	S	4.8
Saint John	2000	346	309	-0.3	1383	94511	A	3.4
	2001(F)	345	300	0.5	1300	95000	A	4.3
	2002(F)	370	310	0.2	1350	94500	A	4.6
Halifax	2000	2661	1373	3.3	5610	128003	A	3.6
	2001(F)	2275	1400	2.5	5800	131250	A	4.5
	2002(F)	2150	1500	2.2	5825	132500	A	4.5
St. John's	2000	935	825	2.2	2453	100763	A	3.8
	2001(F)	925	775	1.5	2500	102000	A	3.0
	2002(F)	1025	800	2.0	2525	103000	A	3.0
Charlottetown	2000	318	264	1.8	497	103435	A	2.6
	2001(F)	300	240	1.7	500	104500	A	2.2
	2002(F)	320	240	1.3	490	105000	A	2.2
ALL METRO AREAS	2000	110880	60195	2.2	235054			1.6
	2001(F)	113365	59550	2.9	244362			1.4
	2002(F)	111880	59170	2.5	241969			1.3

## \* Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

n.a.: data not available

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2001-2002.



**Major Housing Indicators**  
**Seasonally Adjusted Annual Rates**  
**(levels and quarterly per cent change)**

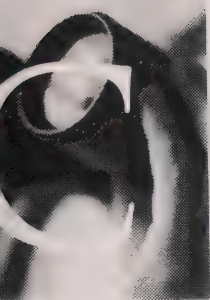
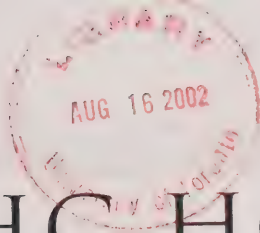
	99:Q3	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4	01:Q1	01:Q2
<b>New housing</b>								
Building permits, units, thousands	162.9	169.3	153.6	144.9	159.7	150.0	167.1	
%	3.6	3.9	-9.3	-5.6	10.2	-6.1	11.4	
Housing starts, total, thousands	147.0	156.4	160.5	141.8	156.6	154.2	163.0	163.0
%	-1.1	6.4	2.6	-11.7	10.4	-1.5	5.7	0.0
Housing starts, singles, thousands	93.3	95.8	100.4	89.8	92.1	91.5	98.3	91.1
%	2.0	2.7	4.8	-10.6	2.6	-0.7	7.4	-6.2
Housing starts, multiples, thousands	53.7	60.6	60.1	52.0	64.5	62.7	64.7	71.1
%	-6.1	12.8	-0.8	-13.5	24.0	-2.8	3.2	10.0
Housing completions, total, thousands	139.2	147.3	149.2	145.7	149.4	140.0	148.0	150.0
%	5.4	5.8	1.2	-2.3	2.6	-6.3	5.8	1.0
New house price index, 1992=100	101.1	101.8	102.2	102.9	103.5	104.2	104.9	
%	0.5	0.6	0.5	0.6	0.6	0.6	0.7	
<b>Existing housing</b>								
MLS resales, units, thousands	344.2	326.7	338.6	328.7	332.3	333.2	352.1	
%	-1.9	-5.1	3.6	-2.9	1.1	0.3	5.7	
MLS average resale price, \$C thousands	159.7	160.6	161.4	163.0	164.9	167.3	165.7	
%	0.9	0.6	0.5	0.9	1.2	1.4	-1.0	
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	411.9	415.4	421.3	426.3	430.0	433.8	439.3	
%	1.4	0.9	1.4	1.2	0.9	0.9	1.3	
Mortgage approvals, \$C billions	78.0	68.2	68.7	73.0	76.7	78.0	..	
%	-9.3	-12.6	0.8	6.2	5.1	1.7	..	
1-year mortgage rate, per cent*	6.97	7.35	7.63	8.03	7.90	7.83	7.10	6.73
5-year mortgage rate, per cent*	7.75	8.25	8.48	8.52	8.25	8.15	7.58	7.67
<b>Residential investment**</b>								
Total, \$1997 billions	44.6	45.7	45.9	44.7	45.8	46.2	46.9	
%	1.4	2.5	0.4	-2.6	2.4	1.0	1.4	
New, \$1997 billions	22.4	23.5	23.4	22.4	22.8	22.9	23.8	
%	2.9	4.8	-0.6	-4.1	1.5	0.5	3.8	
Alterations, \$1997 billions	14.8	15.3	15.5	15.5	15.9	16.4	16.0	
%	2.6	3.4	1.3	0.0	3.1	2.6	-2.0	
Transfer costs, \$1997 billions	7.4	6.9	7.0	6.8	7.1	7.0	7.1	
%	-5.4	-6.2	1.9	-3.2	3.6	-0.8	1.0	
Deflator, 1997=100	103.9	104.2	106.1	106.3	105.5	106.4	107.8	
%	-7.2	0.2	1.9	0.2	-0.8	0.9	1.3	

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.



# MHC HOUSING

## OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

### Housing markets to taper off in 2002

#### Overview

#### Starts:

**2001: 160,100**

**2002: 155,800**

#### Resales:

**2001: 364,500**

**2002: 357,100**

**Starts:** Starts will rise this year but taper off next year. The sputtering North American economy will bite into demand for new homes in 2002. The level of starts will still be healthy, however, given low mortgage rates, high immigration, record low inventories of newly completed and unoccupied units, high sales to new listings ratios in the existing home market, and low rental vacancy rates.

**Resales:** Look for a record this year but some drop off next year. Demand for existing homes will soften as a result of weak job creation, only partly offset by lower mortgage rates.

**Prices:** Look for resale price growth to remain strong this year and moderate somewhat in 2002.

Details on page three.

### Fourth Quarter, 2001

#### 3 NATIONAL OUTLOOK

#### 4 TRENDS IMPACTING HOUSING

#### 6 SPECIAL REPORT: EVEN RENTERS ARE RENOVATING

#### PROVINCIAL REPORTS

- 9 British Columbia
- 10 Alberta
- 11 Saskatchewan
- 12 Manitoba
- 13 Ontario
- 14 Quebec
- 15 New Brunswick
- 16 Nova Scotia
- 17 Prince Edward Island
- 18 Newfoundland

#### 19 FORECAST TABLES

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.

### The Nation's HOT SPOTS

**Alberta:** Despite lower energy prices, oil and gas investment will sustain the province's economy and strong housing market in 2002. (See Page 10).

**Ontario:** Its housing market will cool down in 2002 as its economy slows, but housing starts and resales will remain at high levels. (See Page 13).

**British Columbia:** Low mortgage rates will release pent-up demand for housing in the province. (See Page 14).

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact Ginette Godward at (613) 748-2006 to get your copy sent to you by e-mail.

CMHC Market Analysis Centre  
E-Mail: [Market\\_Analysis\\_Centre@cmhc-schl.gc.ca](mailto:Market_Analysis_Centre@cmhc-schl.gc.ca)



HOME TO CANADIANS  
Canada



## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1 800 668-2642. Outside Canada, (613) 748-2006, fax: (613) 748-4069

To reach us online, visit our home page at [www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)

Annual subscription (4 issues) \$120 plus GST

Single issue \$40 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at [www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2001 Canada Mortgage and Housing Corporation  
All rights reserved.

ISSN 1488-6537

Product # 61500-2001-Q04

**Upcoming PDF Release Date**

**First Quarter 2002 — January 18**

# National Housing Outlook

## In Detail

### Lots of apartments but fewer singles

Since 1999, higher and steadily rising prices for single-detached homes have pushed many homebuyers toward relatively less expensive units, especially apartments. The trend is expected to continue into 2002. As a result, much of the anticipated decline in housing starts next year will occur in the single-detached segment. The apartment segment is expected to be more robust with virtually the same number of starts in 2002 as in 2001.

### More rental and condominium starts

Low rental vacancy rates and high immigration levels will help trigger stronger multiple construction through to 2002. The number of rental starts, however, will remain at relatively low levels. Many of these rental developments will target a specific niche, either the seniors or the affluent. There will also be more condominium starts with a portion of these actually ending up rented. Apartment condominiums will remain most popular in B.C., Alberta, and Ontario.

### Fewer singles in Alberta next year

There will be fewer single-detached starts next year. Most of the decline will occur in Alberta. The pace of single-detached construction in the province will remain solid, but will be off relative to a very strong pace in 2001. Ontario and Quebec will also see fewer singles started as housing demand in these markets cool down.

### Record resales in 2001, fall back in 2002

Increased listings, strong demand, and favourable mortgage rates will add up to record resales in 2001. While low mortgage rates will continue to power resales in 2002, there will be fewer transactions due to a more lacklustre job market, particularly in Ontario and Quebec.

### Price gains will moderate next year

Look for more moderate price gains next year as ratios of sales to new listings decline from record highs this year. Many provinces will see a swing away from a seller's market toward a more balanced market.

## Spotlight on IMPACT OF TERRORISTS' ATTACKS

### Housing demand will be affected but there are offsetting influences

In light of the gravity of the economic situation subsequent to the terrorists' attacks in the U.S. September 11, as witnessed by the plunge in stock markets worldwide, the Bank of Canada quickly lowered its key bank rate. With more bank rate cuts expected by the end of 2001, this will allow short term mortgage rates to fall about 3% lower than at the beginning of 2001. With our model simulations indicating 8,000 more starts within 3 to 9 months for each sustained percentage drop in mortgage rates, this means that there is an upside in housing starts through to the end of 2002.

On the down side, forecast GDP growth in Canada is being shaved some 0.5% with a high risk of recession starting in the third quarter of this year. Much of this drop reflects reduced exports due to a downshift in economic growth in the U.S., but also a pull back in consumer

spending within Canada due to lower job levels and consumer confidence over the next several months. With our simulations indicating 9,000 fewer starts within 3 to 9 quarters for each sustained percentage drop in job levels (i.e. a drop of 150,000 jobs), this means that there is some downside in housing starts through to the end of 2002.

Still, consumer confidence is a key factor and a wild card for our outlook. If confidence falls not just lower but to recessionary levels, housing demand may well be lower than projected.

On balance, many factors remain in favour of housing markets in Canada (See Pages 4 and 5).



# Trends Impacting Housing

## What to Watch For

- ✓ *Pace of economic growth*
- ✓ *Job creation pace*
- ✓ *Consumer confidence*

### The economy

Expectations for economic growth this year and next have been scaled back significantly as a result of the terrorist attacks in the U.S.. The events have hurt several key industries worldwide including tourism, air transportation, aerospace manufacturing, finance and insurance. International trade has also been hampered by increased cross-border security.

In this new environment, Canadian exports, corporate profits, business investment, and consumer spending will all soften in the months ahead. Canadian economic growth is expected to be weak, no more than 1.6 per cent this year and 2.3 per cent next year. The risk of a recession is the highest it has been over the last ten years.

### Employment

Similar to economic growth, expectations for job growth this year and next have been scaled back. Employment is expected to post a 1.1 and a 1.5 per cent gain in 2001 and 2002 respectively. Despite this slower growth, housing markets will continue to reap rewards from the million plus job gain in the last three years. Job gains do not always translate immediately into housing demand since individuals and families require time to accumulate necessary finances and to assess their housing needs.

### Consumer confidence

Volatile equity markets and a slower economy have produced some uncertainty but have not unduly dampened the mood of consumers during the first nine months of this year. This steadiness, however, is now being tested by recent events. Announcements of large job losses, rising unemployment rates, the plunge in stock markets, and a stream of other negative news will shake consumer confidence and spending.

## Positive Impact

- ✓ *Low mortgage rates*
- ✓ *High immigration*
- ✓ *Tight supply of unoccupied units*

### Mortgage rates

The outlook for mortgage rates is very favourable. Concern over slowing economic growth has prompted a series of interest rate cuts in Canada and the U.S., with additional easing expected. Rates will edge up late next year as the economy strengthens. Through the end of 2002, look for one-year rates in the 4.50-5.50 per cent range, three-year rates between 5.50 and 6.50 per cent, and five-year rates from 6.50 to 7.50 per cent.

### Migration





















Immigration has rebounded sharply after falling in 1998. Landings rose in 2000 to nearly 227,000, just above the target range of 200-225,000. Immigration is on pace to surpass the target by a wide margin with over 250,000 persons coming to Canada this year. Expectations are for immigration levels to remain high next year but decline given more stringent security screening measures. Taking into account other migration flows, such as emigration and migration of non-permanent residents, total net migration to Canada since 1996 will easily be over the one million mark, substantially lifting demand for housing, particularly in the four largest provinces.

### Inventory of unoccupied dwelling units

Spurred by phenomenal job growth, demand for housing, whether homeowner, condominium or rental, has been outstripping supply for the last several years. This has been the case even this year despite little job growth. This strength in housing demand has only partly showed up in the number of housing starts because inventories of newly completed and unoccupied units have been drawn down to record levels, and rental vacancy rates have dropped to cyclical lows. These inventories are so low that any additional demand will now have to be met through higher housing starts.

# Trends at a Glance

## Key factors and their effects on home building

Factor	Comment	Impact	
		2001	2002
Mortgage rates	Easing this year and staying low next year.		
Employment	Strong job creation through 2000 fuels housing demand this year, but the lacklustre job market in 2001 will dampen demand next year.		
Incomes	Will benefit from tax cuts and wage gains.		
Net migration	Large immigration flows in the last few years and in 2001-02 will sustain housing demand.		
Household formation	Higher as a result of improved net immigration and job creation over the last few years.		
Consumer confidence	Consumer confidence was strong for the first half of 2001 but is expected to decline in line with reduced job prospects in the last few months of 2001. May have more of an impact on 2002 housing demand.		
Resale market	Demand spillover from record tight resale markets boosts construction of new homes, although less so in 2002.		
Unoccupied new units	Low inventories a positive signal to builders.		
Vacancy rates	Low rates trigger multiple construction.		
Profits	House prices expected to rise faster than combined costs of labour and materials.		



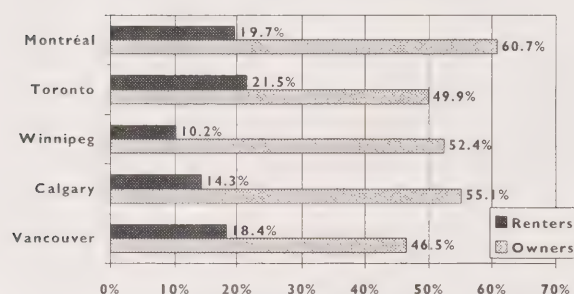
# Even renters are renovating

A survey conducted by the Print Measurement Bureau revealed that nearly one in five renters in Canada performed renovations in their dwelling in the last two years for an average expenditure of \$2,312.

One in five renters and one in two homeowners renovated in the past two years

According to a Print Measurement Bureau (PMB) survey on residential renovations in Canada, 19.7 per cent of renters stated that they had performed renovations in the past two years, while this percentage was 53.7 per cent for owners of single-family homes.

Percentage of Renovators  
Renters vs. Owners



Source: Print Measurement Bureau 2000

In the homeowner group, top honours went to Montréal with 60.7 per cent of renovating households. Calgary came in second with 55.1 per cent of renovating homeowners, followed by Winnipeg, Toronto and Vancouver.

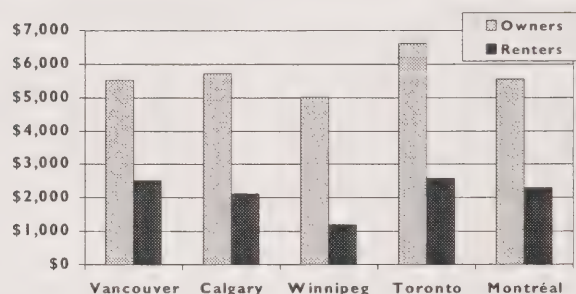
As for renters, Toronto led the way with 21.5 per cent of renovators, closely followed by Montréal (19.7 per cent) and Vancouver (18.4 per cent). Calgary and Winnipeg presented a very different profile in this sector, with 14.3 per cent and 10.2 per cent of renovating renters, respectively.

**Proportionately, renters spend an amount equivalent to 43 per cent of renovation expenses incurred by homeowners**

Nationally, the PMB survey revealed that homeowners who performed renovations in the past two years spent an average of \$5,365 on their projects. However, what may seem surprising is that renovating renters spent an average of \$2,312, or 43 per cent of the level of expenses incurred by homeowners.

In Toronto, renovating homeowners spent an average of \$6,621 in the past two years, the highest level of renovation expenditures recorded among the five cities studied. Homeowners in the other cities stated that they spent between \$5,009 (Winnipeg) and \$5,551 (Montréal), on average.

Average Renovation Expenditures  
Renters vs. Owners



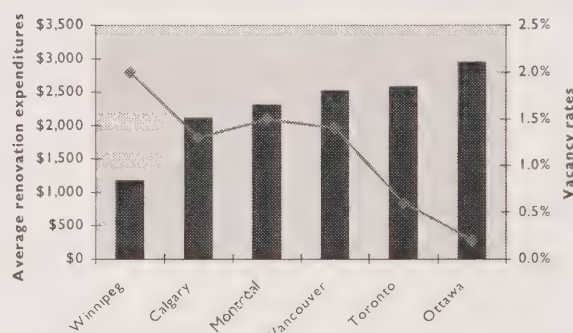
Source: Print Measurement Bureau 2000

It was also in Toronto that the average renovation expenditures of renters were the highest, at \$2,585. Renters in Montréal, Vancouver and Calgary indicated average expenditures exceeding \$2,000, while those in Winnipeg spent only \$1,189 to renovate their dwelling.

## Link between vacancy rates and renovation expenditures among renters

The graph below clearly shows a correlation between the level of renovation expenses incurred by renters and the vacancy rate in the city where they live.

Vacancy Rates and Renovation Expenditures among Renters



Sources: Print Measurement Bureau and CMHC 2000

This suggests that, in certain cities, the more limited choice of apartments is forcing renters to opt for units that do not exactly suit their tastes. These renters then have to invest a certain amount of money in renovations in order to make up for the deficiencies of their dwellings in terms of interior decorating or modernization.

In addition, renters in cities where the vacancy rates are low have a strong incentive to stay in their current dwelling even if it no longer perfectly suits their taste or if they have the means to afford a little more luxury. Rather than move and risk being disappointed elsewhere, they may prefer to renovate their apartment, adding a personal touch.

### What do renters renovate?

Yes, renters do renovate, but what exactly do they renovate? The PMB survey revealed that renters mainly undertake interior decorating projects.

In all, 61.8 per cent of renters tackle painting or wallpapering in their dwelling. Another 30.7 per cent change the floors or carpets, 25.9 per cent renovate the basement, kitchen, bathroom or family room, 19.8 per cent improve the insulation by renovating doors and windows, 19.3 per cent rearrange their landscaping and 16.9 per cent perform plumbing, heating or air conditioning work. Very few will make changes to their kitchen cabinets or add rooms to their dwelling.

### Renter Renovations

Renovation types	Percentage
Remodelling (basement, bathroom, kitchen, family room)	25.9%
Additions	8.0%
Painting/WallPapering	61.8%
Flooring/Carpeting	30.7%
Cabinetry	8.8%
Landscaping	19.3%
Plumbing/Heating/Air Conditioning	16.9%
Windows/Doors/Insulation	19.8%

Source: Print Measurement Bureau 2000

The extent of renter renovation may seem surprising, but it clearly shows the importance that renter households attach to the comfort and quality of their dwelling, to the point of undertaking major renovations.

### Types of renovations vs types of homes

Original owners (90 per cent of these owners in the sample, who had bought their home new, had lived in their home for

over three years) and resale owners have different concerns with regard to the types of renovations that they perform. The PMB survey clearly brings out these differences.

Here is a striking example: one in two resale owners had performed basement, bathroom, kitchen or family room renovations, compared to one in three original owners, for a difference of 18 percentage points. This major gap may well be attributable to the fact that original owners had agreed to the layout plans of their rooms and generally remain satisfied with their choices longer.

### Owner Renovations by Owner Type

Renovation Types	Original	Resale
Remodelling (basement, bathroom, kitchen, family room)	32.2%	50.3%
Additions	12.5%	9.8%
Painting/WallPapering	50.3%	53.0%
Flooring/Carpeting	34.7%	41.4%
Cabinetry	10.9%	13.4%
Landscaping	33.3%	33.4%
Plumbing/Heating/Air Conditioning	17.9%	25.1%
Windows/Doors/Insulation	27.2%	33.1%

Source: Print Measurement Bureau 2000

Resale owners, on the other hand, often make their purchase based on their overall assessment of the home and plan a number of renovations in the short or medium term to adapt the rooms to their tastes and also to add a touch of modernism.

Non-negligible differences were also observed for such projects as replacing floors and carpets, improving the plumbing, heating or air conditioning, and renovating doors and windows. The other categories of renovations showed more marginal gaps,

The only category where original owners predominated was that of additions. It would seem that, after a number of years, original owners put greater emphasis on possible additions to their home than do resale owners.

### Renovation spending slightly higher among resale owners

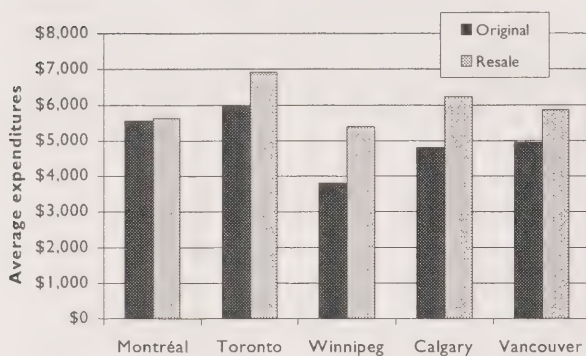
In general, one can expect renovation expenditures to be greater among resale owners than original owners, and this is one of the findings that came out of the PMB survey. However, it was surprising to note how narrow the gap was between the two groups.



In fact, the average difference between the expenses incurred by resale owners and original owners in the last two years was only \$404. Resale owners indicated that they spent an average of \$5,572 in the last two years, compared to \$5,168 for original owners.

While this assumption cannot be verified from the PMB survey, it can be supposed that original owners generally keep their homes long enough to end up with renovation expenses that are very comparable to those incurred by resale owners.

**Average Renovation Expenditures**  
Original vs. Resale Owners



Source: Print Measurement Bureau 2000

The average renovation expenditures in Montréal were practically equivalent for original owners and resale owners. The widest gap was registered in Winnipeg at \$1,592, followed by Calgary at \$1,411, while Toronto and Vancouver showed differences of \$929 and \$897, respectively.

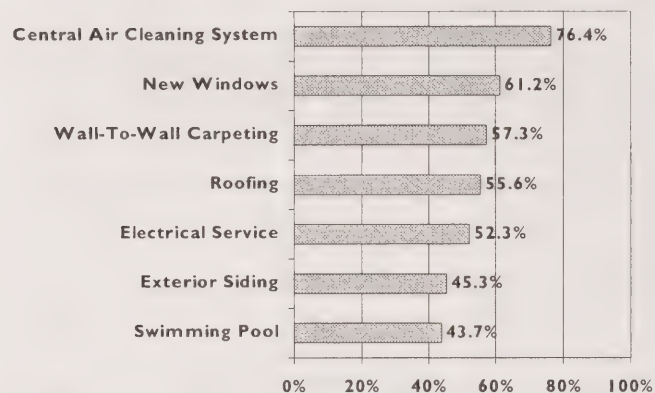
### Nearly one in two homeowners perform their own renovations

The PMB survey also collects information concerning the principal person performing the residential renovations, by type of project.

Among all respondents in Canada, 44.7 per cent replied that they were the principal person who had performed the home renovations. Homeowners stated that they had hired a contractor in 29.2 per cent of cases. Finally, the remaining 26.1 per cent had requested the help of a friend or family member to undertake their renovations.

For certain, sometimes more complex and more technical types of renovations, a greater proportion of homeowners had retained the services of a contractor. The graph below presents seven categories of work for which skilled labour was most often called on, namely: central air cleaning system, new windows, carpets, roofing, electrical service, exterior siding and swimming pool.

**Renovation Projects for which Owners Often Hire Contractors**



Source: Print Measurement Bureau 2000

However, some renovations were performed mostly by the homeowners. For example, 52.1 per cent of renovating homeowners replied that they had built their own shed. Homeowners had also tackled most wall covering projects (wallpapering, painting and others) themselves, that is, in 59.0 per cent of cases. Homeowners were also the principal renovators for the following projects: treating exterior wood (63.2 per cent), caulking (58.6 per cent), weatherstripping (59.7 per cent), insulating (50.6 per cent) and finishing the basement (49.5 per cent).

## Print Measurement Bureau Survey

The annual Print Measurement Bureau survey is based on a sample of 24,000 people. The sample design used in the PMB survey is consistent from year to year. A new sample is drawn each year to represent the entire population of Canada (with minor exceptions - e.g. Far North, Institutions, Reservations).

PMB is a non-profit organization, representing the interests of Canadian publishers, advertising agencies, advertisers and other companies.

# British Columbia

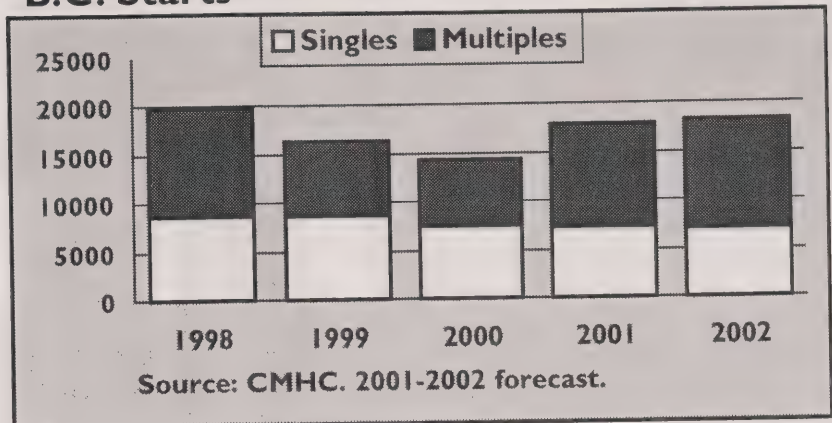
## Overview

### Housing markets doing well despite economic slowdown

Residential housing markets continue to be a bright spot in urban British Columbia. Lower interest rates have not only stimulated first-time buyer activity but also lowered financing cost for developers, enabling them to hold the line on price levels. Moreover, dramatic gains in the resale market and a diminishing inventory of new housing, should continue to promote improving housing starts for the remainder of this year and next.

The economic picture is not as positive. Continued weakness in the U.S. and Japanese economies is holding back BC's important tourism and export sectors. As such, average job growth for the year is expected to be negligible. While the application of the 19.3% tariff at the border on value-added softwood products has already sparked a

## B.C. Starts



number of layoffs at coastal BC mills, expect to see ongoing job losses in the months ahead. On a more favourable note, the province's energy sector continues to exhibit considerable momentum. Even with some expected easing in natural gas and electricity prices, the outlook is very positive for more investment in this sector over the next few years.

Barring a longer than expected slowdown in the global economy, internal forces such as the impact of considerably lower tax rates as well as improving business and consumer confidence should help to propel economic growth in BC over the longer term.

## In Detail

**Single Starts:** Single detached starts will remain decline slightly this year and next. A diminishing supply of land and high development costs will limit new single-detached supply in **Vancouver**. However, marginal increases are expected in **Victoria** and **Kelowna** where moderate price levels and lower interest rates are fueling move-up buying.

**Multiple Starts:** Multiple starts continue to drive new construction activity, particularly in **Vancouver**. Motivated by low vacancy rates, new rental starts will see their highest levels in nearly a decade this year. New condominium development will continue to be favourable next year, with demand strongest for urban townhouses and high rise units.

**Resales:** Record housing sales have been reported in **Vancouver** and **Victoria** this year. With mortgage rates remaining low, these higher sales levels should hold up through 2002.

**Prices:** Despite strong sales levels, average prices have remained relatively stable in most markets. A greater proportion of first-time buyers has shifted demand toward more moderately priced units. However, an increasing sales-to-active listings ratio points towards tighter market conditions and suggests future upward pressure on prices

## Spotlight on CONSUMER CONFIDENCE

For over a decade, BC residents have been one of the least optimistic provinces in Canada when it comes to the health of their economic future. However, the Conference Board of Canada reported that certain aspects of consumer confidence jumped in the second quarter of 2001.

This improvement in consumer confidence, in tandem with lower interest rates, has had a potent impact on the spending habits of BC residents. In particular, retail sales are up 6 per cent from a year ago while interest in homebuying has rebounded dramatically.



# Alberta

## Overview

### Economic growth continues

Economic indicators continue to point to a strong performance for the Alberta economy in 2001. Through the first six months of the year, retail sales were up 10.1 per cent. Over the same period, manufacturing shipments and farm cash receipts increased by 6 per cent and 11.8 per cent, respectively. From January through May, crude oil production grew by 1.8 per cent over the same period in 2000, while output of natural gas recorded a marginal gain of 0.8 per cent.

Due to a high level of activity across several sectors, the labour market in Alberta will outperform the national average in 2001. The provincial economy will generate over 40,000 jobs this year, accounting for about 23 per cent of the total job gains in the country. This will be the highest share of jobs generated since 1996 when the Alberta economy created about 37 per cent of all new employment in Canada.

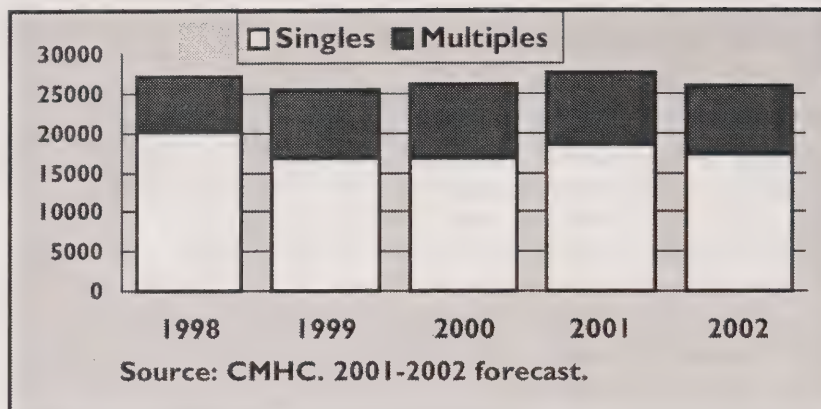
## In Detail

**Single Starts:** Excess demand from the resale market continues to spill over into the single-detached market. In 2001, single-detached starts will post their best performance in three years. In 2002, single-detached starts will remain flat in **Edmonton** and decline slightly in **Calgary** and other centres. Nevertheless, overall activity in this sector will remain above the average of the past five years.

**Multiple Starts:** Construction activity is forecast to drop by 2 per cent this year as declines in **Calgary** will more than offset gains in other centres. Lower activity in **Calgary** will enable the absorption of excess inventory in that centre. In 2002, overall multiple starts in the province will be very close to the average of the past five years.

**Resales:** Total sales on the MLS will set a new record this year due to favourable mortgage rates and a strong job market.

## Alberta Starts



Economic and job growth in 2002 is forecast to be slightly lower than in 2001. The recent softness in the price of natural gas is forcing producers to rethink their investment plans for the coming year. In addition, the slowdown in the U.S. economy and central Canada is anticipated to have a negative impact on export activity.

Despite lower employment growth, however, the Alberta job market will continue to perform significantly better than the national average. As a result, the province will remain the destination of choice for inter-provincial migrants and demand for housing will stay at high levels over the forecast period.

Sales will dip slightly in 2002 as mortgage rates bottom out and employment gains moderate. However, overall MLS sales next year should still be the second best year on record.

**Prices:** Steady demand and low levels of listings will contribute to price gains over the forecast period. The average MLS price is forecast to increase by nearly 4 per cent this year and jump a further 3.3 per cent in 2002. Among provinces, only B.C. and Ontario have higher prices than Alberta. The overall price differential between B.C. and Alberta is about \$65,000. The price differential between Ontario and Alberta is about \$45,000.

## Spotlight on EDMONTON

This year Edmonton is the hot spot for housing markets in the province. From 2000 to 2001, total MLS sales in Edmonton are forecast to rise by about 12.1 per cent compared to 8.9 per cent in Calgary.

Edmonton is also leading the province in terms of growth in starts. This year, total starts in Edmonton will be up by about 12.4 per cent compared to 5.3 per cent for the province as a whole. Total housing starts in Edmonton are expected to reach 7,000 units in 2001 and remain near this level in 2002.

# Saskatchewan

## Overview

### Housing market is expected to improve next year

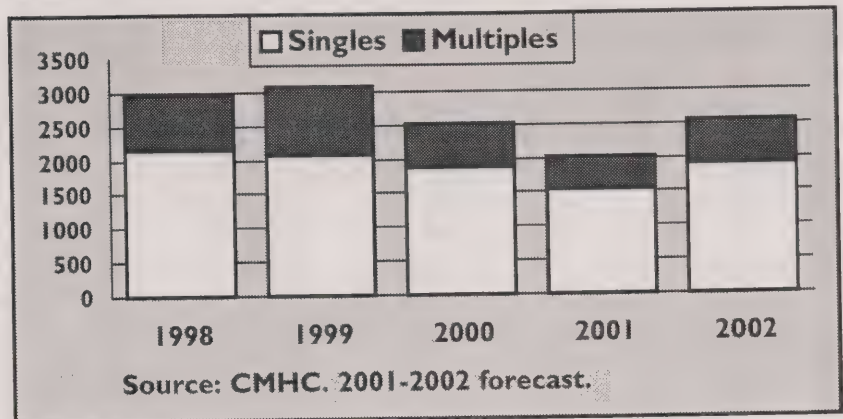
Overall job growth numbers are giving negative signals regarding the health of the economy this year. Through the first eight months, over 11,000 jobs were lost compared to the same period a year earlier.

A more thorough examination of the data reveals, however, that labour markets in **Regina** and **Saskatoon** are holding their own. Indeed, most of the job losses have taken place in the rural agriculture sector.

The relative economic strength of the two major cities are encouraging many households to move from rural to urban areas. This has resulted in higher resales in **Saskatoon** and **Regina** but lower resales outside these two centres.

At the same time, better job opportunities in other provinces are encouraging many

## Saskatchewan Starts



Saskatchewan households to leave the province, lifting the number of listings and relieving pressure on the resale market. This, in turn, has limited a spillover of demand into the new home market and reduced starts activity this year.

Next year housing demand will rise as job growth resumes and migration to other provinces slows. Some of this demand will spillover to the new home market as listings on the existing home market will be insufficient. As a result, housing starts will increase and inventory levels will return to more normal levels. Total starts are forecast to reach 2,550 units in 2002.

## In Detail

**Single Starts:** Since the existing home market will largely meet demand for single-detached homes, the need for new single-detached housing starts will be limited in 2001. About half of the drop this year will occur in **Regina** and **Saskatoon**. Starts are expected to rebound next year as job growth and therefore housing demand improves. About two-thirds of the gains will come from **Regina** and **Saskatoon**.

**Multiple Starts:** Rural to urban migration will maintain demand for multiple dwellings, but demand will be largely satisfied by newly completed and unoccupied inventories as opposed to new starts this year. As inventory levels come back to normal and the number of jobs increase, multiple starts will jump by nearly 40 per cent in 2002. About 55 per cent of the increase will occur in **Regina** and **Saskatoon**.

**Resales:** The resale market in Saskatchewan is moving in the same direction with the national market, benefiting in part from lower mortgage rates. MLS sales will rise by 2 per cent this year. A stable number of listings, however, will result in a sales plateau next year.

**Prices:** A relative scarcity of moderately-priced listings will contribute to price gains over the forecast period. Next year, the average resale price in **Regina** should reach the \$100,000 level.

## Spotlight on IMMIGRATION

**Saskatchewan has a long history of net out-migration. Although out-migrants represent a loss of housing demand, housing professionals must not ignore the fact that the province sees new in-migrants every year.**

**In the period 1995 to 2000, the province had more than 18,000 in-migrants per year. Most of these (about 16,500) came from other provinces, most notably, Alberta. On average, more than 90 per cent of these in-migrant households purchased a new or existing home. Only 10 per cent rented.**



# Manitoba

## Overview

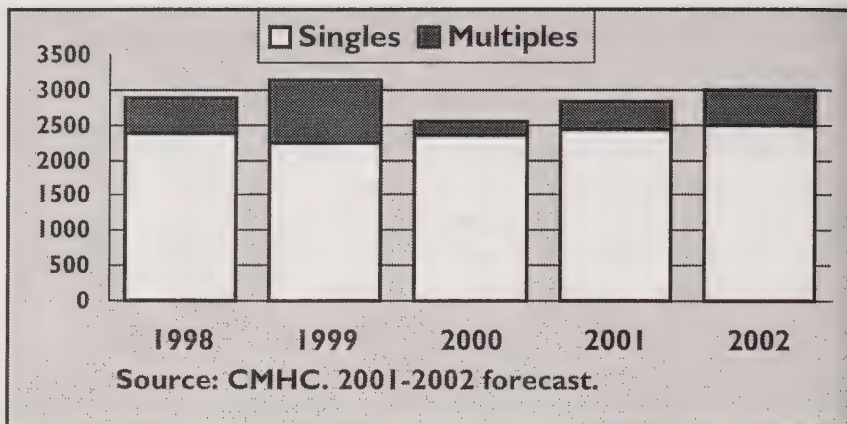
### Steady economic growth supports housing expansion

Housing starts will jump this year and rise again in 2002. Annual starts will be slightly higher than the average of the past five years. The housing outlook is a reflection of steady economic growth and favourable job creation and migration trends.

The service sector accounts for over two-thirds of economic output and about three-quarters of total employment. Compared to the goods-producing sector, services are less vulnerable to swings in overall economic activity. Although the number of jobs in the goods-producing sector declined by 2.4 per cent through the first five months of the year compared to the same period a year earlier, total employment was up by one per cent on the strength of a 2.2 per cent increase in service-sector employment.

The labour market will continue to tighten,

## Manitoba Starts



leading to a shortage of skilled labour in key industries. The resulting wage gains should have a beneficial impact on the demand for existing and new homes.

From January through May, average weekly earnings increased by 3.7 per cent over the same period last year. Wage gains in **Winnipeg** outpaced those in the rest of the province.

In the past two years, gains from international migration have offset losses from interprovincial migration. In 2001 and 2002, net migration levels should be above the average of the past five years.

## In Detail

**Single Starts:** Excess demand from the resale market will benefit the new home market. Look for moderate growth in single starts this year and next. Output will reach the highest level since 1990.

**Multiple Starts:** After reaching a record low in 2000, multiple starts are forecast to rebound. The majority of demand for multiples will come from the life-lease market that serves the housing needs of individuals aged 55 and over. Nearly two-thirds of these starts will take place in **Winnipeg**.

**Resales:** The resale market continues to benefit from low mortgage rates and a good job market. Total MLS sales should rise in 2001 and level off next year. Nearly 90 per cent of these sales will take place in the city of **Winnipeg** and surrounding areas.

**Prices:** Manitoba continues to have one of the most affordable resale markets in the country. However, an increase in the number of newly constructed homes aimed at move-up buyers being put on the market through MLS will push up average resale prices over the next two years.

## Spotlight on RURAL MARKETS

After reaching a low of about 14 per cent in 1984, rural markets have increased their share of single-detached starts in the province. Over the past five years, slightly over 40 per cent of new single-detached homes have been built in centres with a population of less than 10,000. In the same period, about 25 cent of new multiple dwellings have been built in these centres.

# Ontario

## Overview

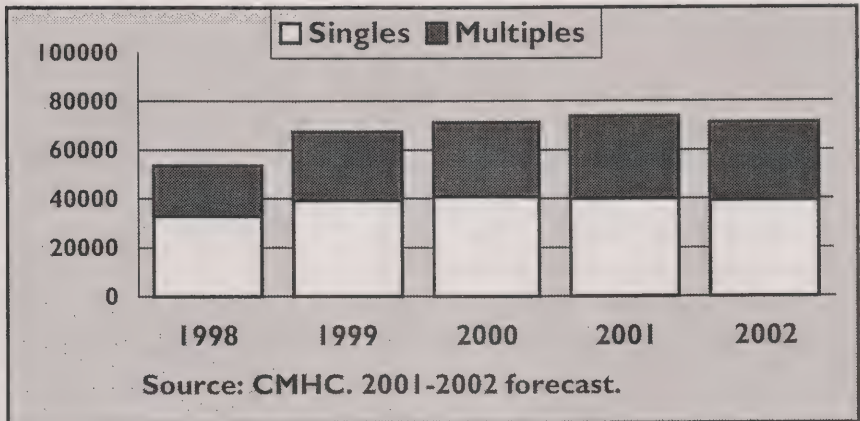
### Starts plateau at high levels

Home builders remain busy despite economic sluggishness in the United States and related uncertainty in Ontario's auto sector. Demand for homes has been buoyed by rising immigration, low interest rates, and active consumers.

The housing sector will continue to perform well. Starts will inch up this year before edging back in 2002. Although starts will remain strong, they will not attain the peak reached in the 1980s boom years. One key reason is that baby boomers, who were very active home purchasers in the late 1980s, are now at an age when most own homes.

For the year to date, housing starts are running ahead of last year. Condominiums and other ownership multiples have been responsible for this year's increase.

## Ontario Starts



Economics and demographics are the two main forces shaping housing demand. On the economic front, although job creation has hit minor turbulence, May employment levels were as high as ever. All the same, the province's leading economic indicators are mixed, with some edging lower, implying slower job creation in the remainder of the year. The impact of slower growth on the housing sector will be felt with a lag and will likely linger at the outset of next year.

On the demographic front, immigration is powering housing demand. Canada's high immigration targets were surpassed last year, with Ontario receiving the lion's share. Preliminary Ontario immigration data to date shows this year's inflows up by almost a third.

## In Detail

**Single Starts:** Active resale markets offer good opportunity for people selling current homes to move up to newly constructed ones. Single-detached home starts will remain high, albeit modestly lower than last year.

**Multiple Starts:** With prices rising, multiple-family homes are a lower-cost substitute for single-detached houses. Multiple starts will jump over a tenth this year before edging back next year. Most multiple construction will be in ownership homes: town homes and condominium apartments.

**Resales:** Resale markets are hot in many parts of the province. Home sales will remain high. Low mortgage rates and tight rental markets will keep first-time buyers out in force. Move-up home buyers will be encouraged by equity gains.

**Prices:** Expect price increases to remain

above the general rate of inflation. Leading price indicators, such as sales-to-new-listings ratios, indicate that resale markets are tight across most of Ontario.

## Spotlight on IMMIGRATION

**Population growth is the key ingredient to housing demand. Lower birth rates in an aging population are contributing less to population growth. Immigration is contributing more. Immigration levels have risen substantially this year. Ontario's established social and ethnic networks have attracted three-fifths of Canada's new arrivals.**

**What are some broad immigrant characteristics? Immigrants tend to be younger than an average Canadian-born person. Many are well educated. They tend initially to move into large urban centres and rent. First-home purchases average four years later in life than for people born in Canada.**



# Quebec

## Overview

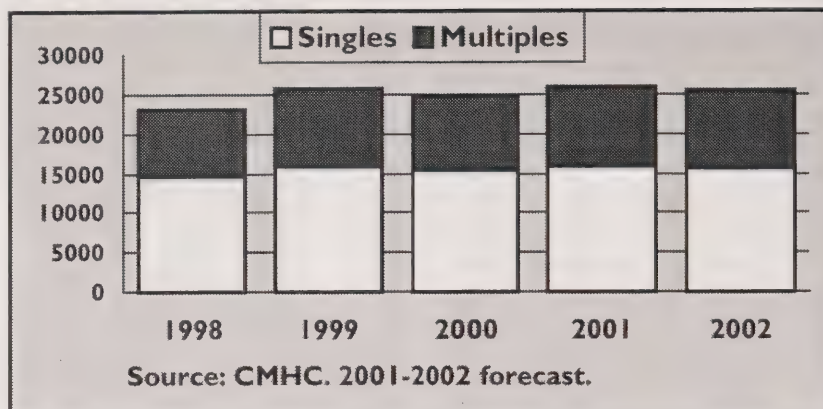
### Residential construction will moderate with economic slowdown

Residential construction in Quebec will be on the rise this year, but will decline slightly next year, following the economic slowdown in the United States. The housing impact of the North American economic slowdown will be heightened by the repercussions of the events of September 11.

However, tax cuts and lower mortgage rates will help cushion these effects. Job creation will also remain positive, although at a slower pace. The unemployment rate will reach 8.8 per cent in 2001 and 9.1 per cent in 2002.

The tight rental market will also benefit homebuilding. The Quebec rental vacancy rate was 2.2 per cent, according to CMHC's 2000 survey. The rate is expected

## Quebec Starts



to be under the 2.0 per-cent mark in the three large metropolitan areas (**Hull, Montréal and Québec**) this year and next.

The solid performance of the labour market in recent years, fewer unoccupied units for rent, and a reduced number of properties for sale are factors that will support homebuilding this year and next. It is therefore expected that there will be 25,900 starts in 2001 and 25,500 in 2002.

## In Detail

**Single Starts:** Low inventories of new and existing homes, the good performance of the job market in the last few years, increasing disposable income and lower mortgage rates will support the construction of 15,900 houses in 2001. However, the recent weakness of the labour market will be felt on the level of activity in 2002, when 15,600 starts are expected.

**Multiple Starts:** Multiple starts will rise near the 10,000 mark this year and next year because of low rental vacancy rates and a robust demand for retirement homes. Total condominium starts will remain at high levels also despite a slight decline in the **Montréal** market due to a moderate rise in unsold inventories.

**Resales:** Sales will continue to rise this year, but will fall in 2002 as a result of more moderate employment growth and a more limited choice on the existing home market. Decreasing mortgage rates will encourage homebuying.

**Prices:** The resale market will see upward pressure on the average price of houses given conditions increasingly favourable to sellers. Average MLS price is expected to increase by 4.3 per cent this year and by 2.6 per cent next year.

## Spotlight on RETIREMENT HOME MARKET

According to a recent CMHC survey, the retirement home market in Quebec continues to pick up in almost all areas. This phenomenon is mainly attributable to the ageing of the population, and the improving financial position of the older population.

The growth potential is greater in the **Montréal** and **Hull** areas where the senior population is large relative to the supply of retirement homes. New projects often take the form of apartment buildings with 100 or more units, developed in phases, and targeted to the mid- to upper-range niches.

# New Brunswick

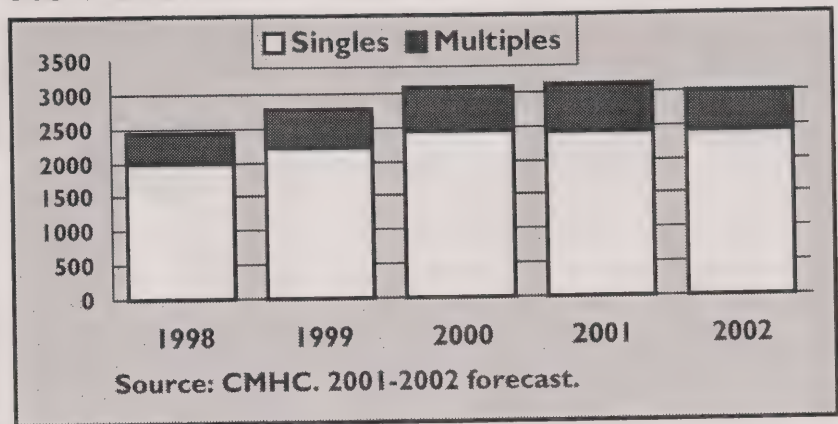
## Overview

### Migration to sustain housing demand despite slower economy

Capital spending has played a key role in New Brunswick's economic performance over the last few years. However, the completion of the main gas pipeline, the Irving Oil refinery expansion, the **Fredericton-Moncton** highway and the lateral pipeline to Saint John will cause a substantial drop in capital expenditures.

Provincial exports are also expected to decline as a result of the recent tragic events in the U.S.. Weaker demand for petroleum and pulp and paper products will cause a drop in manufacturing shipments. Expect GDP to moderate to a 2 per cent growth rate this year before rising slightly to 2.5 per cent in 2002.

## New Brunswick Starts



Slower economic growth will mean employment growth over the forecast period will not match the pace set last year. Growth in employment will be essentially nil in 2001 and 0.9 per cent in 2002. Furthermore, the labour force will expand at a faster pace, causing the unemployment rate to rise near 11 per cent this year and next.

Despite a slowdown in economic and employment growth, the demand for housing remains strong. Intra-provincial migration, from the economically weaker areas of the province to urban centres such as **Moncton**, will sustain demand for the new home market.

## In Detail

**Single Starts:** Construction of single-family dwellings bounced back this summer, following a weak start due to the severe winter conditions. Residential activity is expected to remain strong in the Fall with the significant drop in mortgage rates. As a result, the level of single starts will remain high, again near 2,400 units this year and next.

**Multiple Starts:** Near record low vacancy levels in all areas of southern N.B. have stimulated the construction of multiple dwellings particularly in **Moncton** and **Fredericton**. In 2001, multiple starts will rise to the highest level since 1993. The construction activity will decline slightly in 2002 but remain strong in historical terms.

**Resales:** A slow start in new residential construction earlier this year combined with low mortgage rates and a relatively broad supply of listings will help the resale market to maintain a record level of sales over the next two years. Our current

forecast indicate sales to rise to 4,600 and 4,650 units in 2001 and 2002 respectively.

**Prices:** An increased number of higher priced homes will push the average sale price to \$94,000 and \$95,000 in 2001 and 2002 respectively.

## Spotlight on GREATER MONCTON

Greater Moncton's economic growth over the last ten years has been remarkable. Employment levels are currently near record highs and in-migration remains strong. Single construction in Greater Moncton has always captured almost half of the total starts in N.B. urban centres. The construction of multiple dwellings remain strong, yet vacancies are near record low.

Future prospects remain positive. Large construction projects such as the new airport to be completed next Fall and serious discussions about a new bridge over the Petitcodiac river will help the local economy over the next several years.



# Nova Scotia

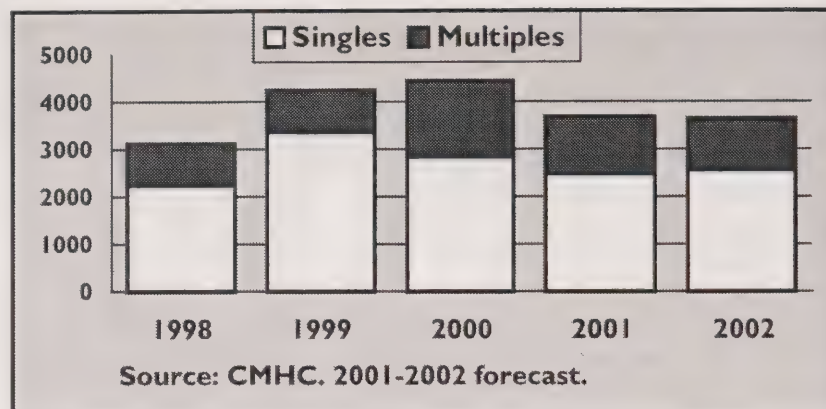
## Overview

### Housing market to rebound late in 2002

With economic weakness and virtually no employment growth through the first eight months of this year, housing markets have weakened significantly in 2001, particularly single family home building and new rental construction. Successive mortgage rate cuts have drawn first time buyers into the existing home market while floundering stock markets have encouraged retirees to invest in luxury condominium residences.

In tandem with economic and socio-political events unfolding around the world, the Nova Scotia economy is expected to remain subdued through the first half of 2002 as consumers face a period of continued uncertainty. The prolonged weakness in the U.S. economy will dampen prospects in trade, tourism, manufacturing, transporta-

## Nova Scotia Starts



tion, and other service industries.

However, improvement is on the horizon in the latter half of next year. Tier II of the Sable Gas project as well as the Pan Canadian Deep Panuke project will begin to ramp-up next summer bringing more migrants and reviving employment and GDP growth.

As a result of these economic conditions, look for housing markets to stall over the next six months but accelerate in the second quarter of 2002.

## In Detail

**Single Starts:** After falling 15 per cent last year, single starts are expected to decline by 13 per cent again this year but stabilize in 2002 at about 2550 units. While high land and labour costs have kept new house prices beyond the reach of many price sensitive first time home buyers (the main demand source this year), employment growth in Professional, Scientific and Technical Services sectors are expected to revive single starts in 2002.

**Multiple Starts:** As expected, multiple starts activity has fallen to a more typical level in 2001. While considerable softening in rental demand has capped new rental construction, demand for condominiums continues to grow strongly, particularly for luxury suites in **Metro Halifax**. Multiple starts are forecast to fall 24 per cent this year and 8 per cent in 2002 with condo starts continuing to take an increasing share of the total.

**Resales:** Despite a continued shortage of listings, existing home sales are forecast to grow by 4 per cent this year on the

strength of first time buyer demand taking advantage of the low mortgage rates. However, shrinking demand is expected to cause a 4 per cent drop in MLS sales in 2002.

**Prices:** A surge in first time home buyer activity has resulted in a deceleration in MLS price growth to 4.3 per cent from 7.4 per cent last year. Prices are expected to continue to decelerate well into 2002.

## Spotlight on PORT OF HALIFAX

### Economic engine for the future

The Port of Halifax supports over 9,000 direct and indirect jobs and more than \$670 million in GDP. While total port traffic in 2001 is below that in 2000, the port's future looks bright with offshore oil and gas activity and potential growth in container traffic.

Halifax harbour is one of the deepest ice-free ports on the Eastern seaboard, with air, road, and double-stacked rail connections. These advantages are keeping Halifax in the running as the major North American connection for post-Panamax vessels coming from the proposed Scapa Flow trans-shipment facility in Scotland.

# P.E.I.

## Overview

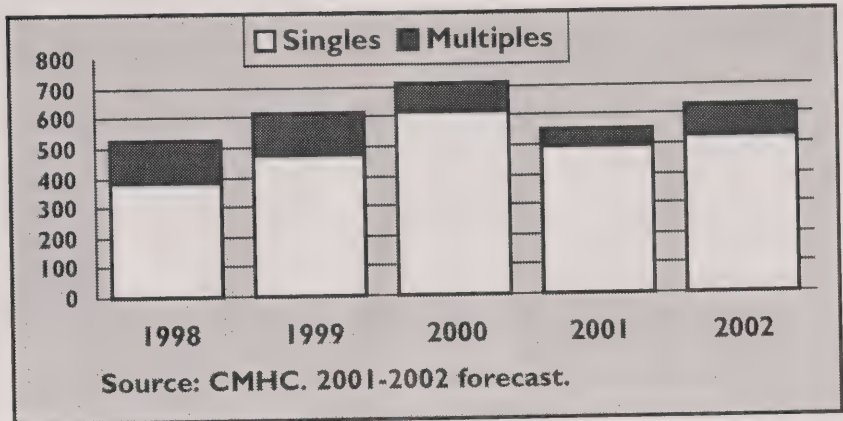
### Commercial construction will buoy the Island's economy

The rate of growth in Prince Edward Island's economy is expected to slow in 2001 before rebounding slightly in 2002. The slowdown is expected due to the weakening of the North American economy, and sliding consumer confidence.

Although a slowing of the economy is forecast, the fundamentals of the Island's economy are expected to remain strong. The number of people employed will remain above 65,000 in 2001, before topping 66,000 for the first time in 2002. The reason for this continued growth is the diversification of the Island's economy over the past few years.

The Island has also seen unprecedented growth in commercial construction projects this year. The two urban centres of **Charlottetown** and **Summerside** com-

## P.E.I. Starts



bined have issued over \$75 million in commercial building permits since January. Such a high level of construction in a market this size will have a tremendous positive impact on the local economies. There has also been a host of public projects announced under the Canada-Prince Edward Island Infrastructure Program. These projects will occur over the next five years with an estimated budget of \$37 million.

With the large number of commercial and government construction projects taking place over the forecast period, and the recent diversification of the local economy, the Island is expected to see positive economic growth over the next two years. As a result, total housing starts will reach 550 and 625 units in 2001 and 2002 respectively.

## In Detail

**Single Starts:** The construction of single-family homes is expected to drop in 2001 before rebounding in 2002. Single starts are expected to reach 490 this year before rising to 525 units next year. This level of construction is down from the decade high level of 614 starts in 2000 but still strong in historical terms.

**Multiple Starts:** The current low vacancy rate on the Island, especially in the urban centres, has not yet urged developers to take advantage of the current market conditions. Multiple starts are expected to reach only 60 units this year, before rebounding to 100 units in 2002.

**Resales:** The resale market continues to remain strong in PEI, following a record year with 1206 sales in 2000. With decreasing interest rates and the number of listings maintaining at a constant level, the resale market is expected to remain strong over the forecast period. MLS sales are expected

to reach 1100 units in both 2001 and 2002.

**Prices:** The average MLS price is expected to increase slightly. The average price is expected to rise by 2% in 2001 due to the strong demand for houses in the **Charlottetown** area. However next year will see the average sale price increase by a more modest 0.9%.

## Spotlight on SUMMERSIDE

### Record activity in commercial construction

**2001 is a record setting year for the city of Summerside with commercial building permits topping \$56 million through the end of August. Officials with the city say that there is a very real possibility that they could reach \$70 million if other proposals are realized.**

**This construction is excellent news for the city as it will mean an increased tax base. The increased employment from the construction of these projects combined with the new jobs that will be created when all the construction is completed should buoy the local housing market over the forecast period.**



# Newfoundland

## Overview

### Offshore oil and service sector sustain economic expansion

With Hibernia ramping up to full production and the Terra Nova project moving full steam ahead, prospects for continued expansion in the provincial economy remain positive next year. Further gains associated with the energy sector will also be realized from expected startup of the White Rose oil project and production at the onshore Garden Hill development on the province's west coast. Solid employment increases and healthy income growth will maintain consumer confidence at high levels and underpin further gains in service based industries.

Retail and wholesale trade will continue to lead the ongoing service sector expansion. Services involved in the high tech and oil industries are also expected to improve. Accordingly, this province will return to the top of the pile as the nation's leader in economic growth next year.

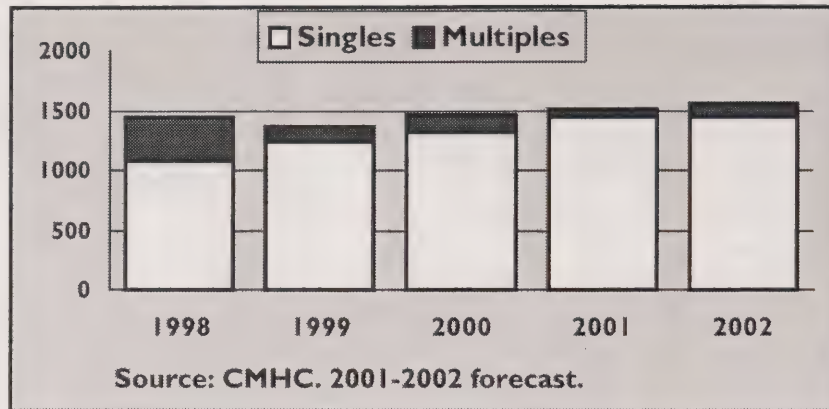
## In Detail

**Single Starts:** Job gains and higher incomes will remain the major drivers to sustained demand for new homes. Spillover from the existing market, where inventories remain low, will also support single starts. Rural starts will likely rebound this year as income gains amongst fishery workers in recent years finally trickle through to the housing market. Overall, single starts should post healthy gains this year and remain relatively flat in 2002.

**Multiple Starts:** A growing seniors population, migration to urban centres, and economic growth will place further pressure on rental markets, particularly in **St. John's**. As a result, the upward trend in rents will continue, prompting new investment in rental housing in coming years. Demand for the purchase of mid-to-high priced townhouses and apartment style condominiums will also stimulate multiple starts.

**Resales:** Demand for existing homes powered ahead during the summer months

## Newfoundland Starts



Over the longer term horizon, a decision to develop the Voisey's Bay nickel deposit or Churchill River Hydro Power would significantly add to an already favorable forecast.

While higher incomes, rising employment and low interest rates will sustain housing demand, the majority of activity will remain urban based. The outlook for weakness in a number of resource-based industries such as forestry will limit opportunities for any sustained recovery in many rural economies. Continued out-migration will also moderate any longer-term gains in housing demand in outlying areas.

with MLS sales posting their strongest third quarter on record. Ongoing strength has shifted a number of popular neighborhoods in the **St. John's** region to favour sellers. Low mortgage rates and employment growth will keep MLS sales at record levels this year and next.

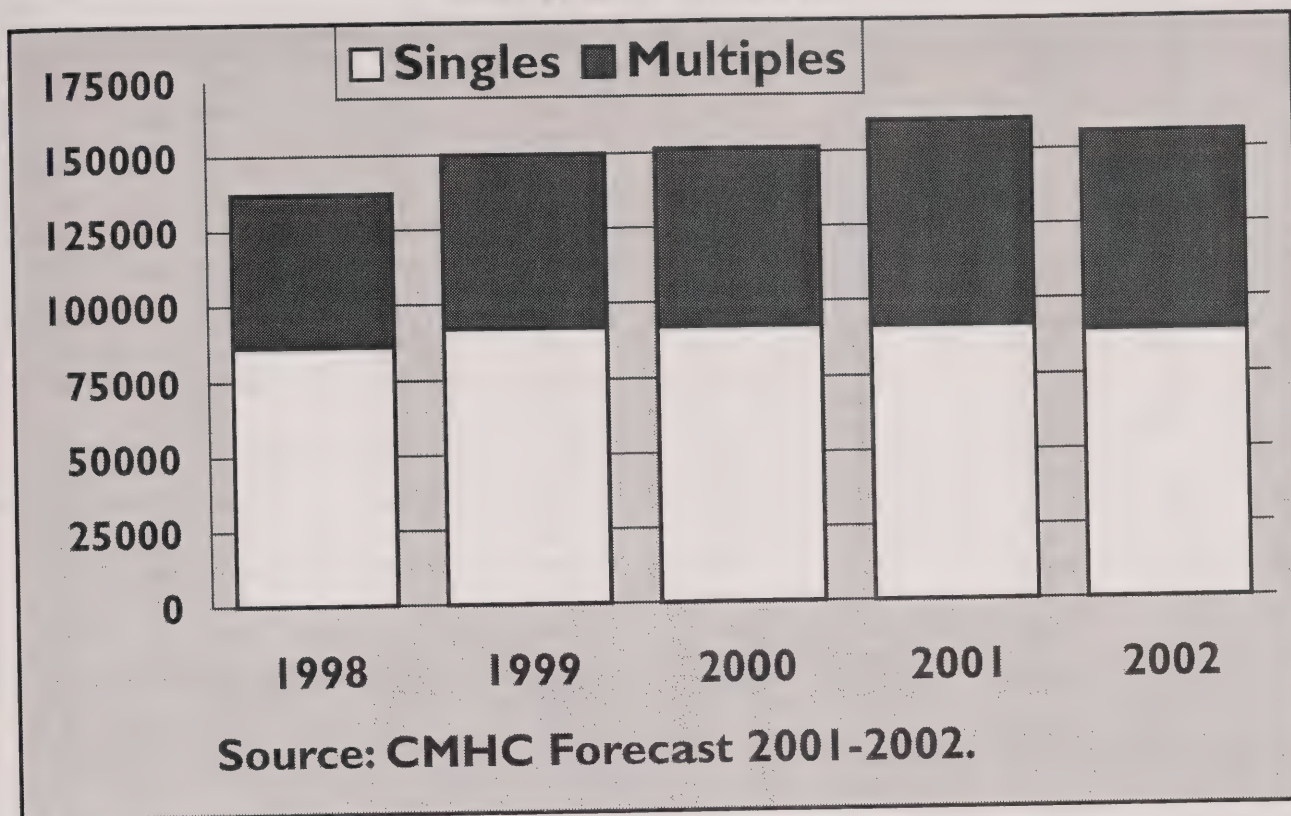
**Prices:** Dwindling supplies coupled with strong demand and sales of more expensive homes will also keep the average MLS price on its record setting pace in 2001 and 2002.

## Spotlight on RESALE MARKET

**Most segments of the provincial housing market have improved in recent years and the resale segment has posted a stellar performance. The MLS sales increase expected in 2001, will mark the sixth year of growth and the fourth consecutive year in which sales will reach record levels.**

**Favourable interest rates, the resurgence in move-up activity, sales to in-migrants associated with offshore oil and sustained employment and income growth have all helped to stimulate the resale market in recent years. The competitive edge enjoyed by the existing home market as it relates to cost advantages over newly constructed units has also helped to push MLS sales to record levels.**

## Canada Starts



### Total Housing Starts (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	2034	1696	1450	1371	1459	1600	1675
%	18.8	-16.6	-14.5	-5.4	6.4	9.7	4.7
<b>PEI</b>	554	470	524	616	710	550	625
%	31.3	-15.2	11.5	17.6	15.3	-22.5	13.6
<b>NS</b>	4059	3813	3137	4250	4432	3700	3650
%	-2.6	-6.1	-17.7	35.5	4.3	-16.5	-1.4
<b>NB</b>	2722	2702	2447	2776	3079	3100	3000
%	18.3	-0.7	-9.4	13.4	10.9	0.7	-3.2
<b>QUE</b>	23220	25896	23138	25742	24695	25900	25500
%	6.1	11.5	-10.7	11.3	-4.1	4.9	-1.5
<b>ONT</b>	43062	54072	53830	67235	71521	74800	71500
%	20.2	25.6	-0.4	24.9	6.4	4.6	-4.4
<b>MAN</b>	2318	2612	2895	3133	2560	2820	3000
%	18.1	12.7	10.8	8.2	-18.3	10.2	6.4
<b>SASK</b>	2438	2757	2965	3089	2513	2020	2550
%	43.2	13.1	7.5	4.2	-18.6	-19.6	26.2
<b>ALTA</b>	16665	23671	27122	25447	26266	27650	26000
%	19.8	42.0	14.6	-6.2	3.2	5.3	-6.0
<b>BC</b>	27641	29351	19931	16309	14418	18000	18300
%	2.2	6.2	-32.1	-18.2	-11.6	24.8	1.7
<b>CAN</b>	124713	147040	137439	149968	151653	*160100	*155800
%	12.4	17.9	-6.5	9.1	1.1	5.6	-2.7

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.



Single-detached Starts (units and annual per cent change)							
	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>1395</b>	<b>1220</b>	<b>1086</b>	<b>1233</b>	<b>1315</b>	<b>1450</b>	<b>1450</b>
%	19.7	-12.5	-11.0	13.5	6.7	10.3	0.0
<b>PEI</b>	<b>430</b>	<b>374</b>	<b>387</b>	<b>472</b>	<b>614</b>	<b>490</b>	<b>525</b>
%	18.1	-13.0	3.5	22.0	30.1	-20.2	7.1
<b>NS</b>	<b>3278</b>	<b>2939</b>	<b>2257</b>	<b>3345</b>	<b>2856</b>	<b>2500</b>	<b>2550</b>
%	7.8	-10.3	-23.2	48.2	-14.6	-12.5	2.0
<b>NB</b>	<b>2173</b>	<b>2125</b>	<b>1989</b>	<b>2201</b>	<b>2442</b>	<b>2420</b>	<b>2400</b>
%	26.2	-2.2	-6.4	10.7	10.9	-0.9	-0.8
<b>QUE</b>	<b>14818</b>	<b>16073</b>	<b>14685</b>	<b>15798</b>	<b>15349</b>	<b>15900</b>	<b>15600</b>
%	10.4	8.5	-8.6	7.6	-2.8	3.6	-1.9
<b>ONT</b>	<b>27019</b>	<b>35401</b>	<b>32737</b>	<b>39421</b>	<b>41087</b>	<b>38800</b>	<b>38000</b>
%	34.3	31.0	-7.5	20.4	4.2	-5.6	-2.1
<b>MAN</b>	<b>1875</b>	<b>2019</b>	<b>2368</b>	<b>2231</b>	<b>2348</b>	<b>2450</b>	<b>2500</b>
%	19.9	7.7	17.3	-5.8	5.2	4.3	2.0
<b>SASK</b>	<b>1612</b>	<b>1954</b>	<b>2154</b>	<b>2070</b>	<b>1890</b>	<b>1550</b>	<b>1900</b>
%	20.2	21.2	10.2	-3.9	-8.7	-18.0	22.6
<b>ALTA</b>	<b>12949</b>	<b>18170</b>	<b>20077</b>	<b>16688</b>	<b>16835</b>	<b>18400</b>	<b>17200</b>
%	28.3	40.3	10.5	-16.9	0.9	9.3	-6.5
<b>BC</b>	<b>12447</b>	<b>12911</b>	<b>8691</b>	<b>8731</b>	<b>7448</b>	<b>7300</b>	<b>7100</b>
%	7.5	3.7	-32.7	0.5	-14.7	-2.0	-2.7
<b>CAN</b>	<b>77996</b>	<b>93186</b>	<b>86431</b>	<b>92190</b>	<b>92184</b>	<b>*91300</b>	<b>*89200</b>
%	21.1	19.5	-7.2	6.7	-0.0	-1.0	-2.3

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

Multiple Starts (units and annual per cent change)							
	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>639</b>	<b>476</b>	<b>364</b>	<b>138</b>	<b>144</b>	<b>150</b>	<b>225</b>
%	16.8	-25.5	-23.5	-62.1	4.3	4.2	50.0
<b>PEI</b>	<b>124</b>	<b>96</b>	<b>137</b>	<b>144</b>	<b>96</b>	<b>60</b>	<b>100</b>
%	113.8	-22.6	42.7	5.1	-33.3	-37.5	66.7
<b>NS</b>	<b>781</b>	<b>874</b>	<b>880</b>	<b>905</b>	<b>1576</b>	<b>1200</b>	<b>1100</b>
%	-30.8	11.9	0.7	2.8	74.1	-23.9	-8.3
<b>NB</b>	<b>549</b>	<b>577</b>	<b>458</b>	<b>575</b>	<b>637</b>	<b>680</b>	<b>600</b>
%	-5.0	5.1	-20.6	25.5	10.8	6.8	-11.8
<b>QUE</b>	<b>8402</b>	<b>9823</b>	<b>8453</b>	<b>9944</b>	<b>9346</b>	<b>10000</b>	<b>9900</b>
%	-0.7	16.9	-13.9	17.6	-6.0	7.0	-1.0
<b>ONT</b>	<b>16043</b>	<b>18671</b>	<b>21093</b>	<b>27814</b>	<b>30434</b>	<b>36000</b>	<b>33500</b>
%	2.2	16.4	13.0	31.9	9.4	18.3	-6.9
<b>MAN</b>	<b>443</b>	<b>593</b>	<b>527</b>	<b>902</b>	<b>212</b>	<b>370</b>	<b>500</b>
%	11.0	33.9	-11.1	71.2	-76.5	74.5	35.1
<b>SASK</b>	<b>826</b>	<b>803</b>	<b>811</b>	<b>1019</b>	<b>623</b>	<b>470</b>	<b>650</b>
%	128.8	-2.8	1.0	25.6	-38.9	-24.6	38.3
<b>ALTA</b>	<b>3716</b>	<b>5501</b>	<b>7045</b>	<b>8759</b>	<b>9431</b>	<b>9250</b>	<b>8800</b>
%	-2.5	48.0	28.1	24.3	7.7	-1.9	-4.9
<b>BC</b>	<b>15194</b>	<b>16440</b>	<b>11240</b>	<b>7578</b>	<b>6970</b>	<b>10700</b>	<b>11200</b>
%	-1.8	8.2	-31.6	-32.6	-8.0	53.5	4.7
<b>CAN</b>	<b>46717</b>	<b>53854</b>	<b>51008</b>	<b>57778</b>	<b>59469</b>	<b>*68900</b>	<b>*66600</b>
%	0.4	15.3	-5.3	13.3	2.9	15.9	-3.3

Source: CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type

		1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	Semi-detached	141	158	163	50	44	30	50
	Row	40	18	20	9	23	25	40
	Apartment	458	300	181	79	77	95	135
	Total	639	476	364	138	144	150	225
PEI	Semi-detached	10	12	28	32	46	30	35
	Row	68	43	10	31	21	5	10
	Apartment	46	41	99	81	29	25	55
	Total	124	96	137	144	96	60	100
NS	Semi-detached	447	303	290	218	266	225	225
	Row	59	58	89	29	17	0	25
	Apartment	275	513	501	658	1293	975	850
	Total	781	874	880	905	1576	1200	1100
NB	Semi-detached	138	106	106	134	113	90	110
	Row	92	132	89	94	26	175	60
	Apartment	319	339	263	347	498	415	430
	Total	549	577	458	575	637	680	600
QUE	Semi-detached	2384	2767	1930	1586	1291	1300	1300
	Row	1094	1433	1074	1184	858	700	700
	Apartment	4924	5623	5449	7174	7197	8000	7900
	Total	8402	9823	8453	9944	9346	10000	9900
ONT	Semi-detached	3348	4299	4575	6445	7167	7650	7550
	Row	8124	9964	10073	10425	10846	11200	8950
	Apartment	4571	4408	6445	10944	12421	17150	17000
	Total	16043	18671	21093	27814	30434	36000	33500
MAN	Semi-detached	126	143	131	90	52	70	90
	Row	113	96	81	151	63	95	130
	Apartment	204	354	315	661	97	205	280
	Total	443	593	527	902	212	370	500
SASK	Semi-detached	134	160	174	155	148	90	120
	Row	193	352	222	104	173	125	175
	Apartment	499	291	415	760	302	255	355
	Total	826	803	811	1019	623	470	650
ALTA	Semi-detached	1049	1458	1428	1570	1518	1500	1600
	Row	1203	1691	1512	1424	1545	1600	1650
	Apartment	1464	2352	4105	5765	6368	6150	5550
	Total	3716	5501	7045	8759	9431	9250	8800
BC	Semi-detached	1528	1979	1218	816	885	1000	1100
	Row	3364	3469	2117	1444	1675	2000	2100
	Apartment	10302	10992	7905	5318	4410	7700	8000
	Total	15194	16440	11240	7578	6970	10700	11200
CAN	Semi-detached	9305	11385	10043	11096	11530	*12000	*12200
	Row	14350	17256	15287	14895	15247	*15900	*13800
	Apartment	23062	25213	25678	31787	32692	*41000	*40600
	Total	46717	53854	51008	57778	59469	*68900	*66600

Source: CMHC Forecast 2001-2002.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/ Private	Co-op Assisted	Total Rental	Condo	Other*	Total 10,000+		
NFLD	2000	0	0	0	15	101	116	28	144
	2001	50	0	50	40	50	140	10	150
	2002	125	0	125	50	40	215	10	225
PEI	2000	62	0	62	0	10	72	24	96
	2001	40	0	40	0	5	45	15	60
	2002	60	0	60	0	10	70	30	100
NS	2000	809	0	809	371	150	1330	246	1576
	2001	560	40	600	450	50	1100	100	1200
	2002	500	0	500	425	50	975	125	1100
NB	2000	354	0	354	41	180	575	62	637
	2001	335	0	335	125	90	550	130	680
	2002	360	0	360	100	110	570	30	600
QUE	2000	3721	0	3721	3697	1432	8850	496	9346
	2001	3900	0	3900	3800	1600	9300	700	10000
	2002	3875	0	3875	3775	1575	9225	675	9900
ONT	2000	2045	0	2045	13176	15157	30378	56	30434
	2001	2750	0	2750	17850	15250	35850	150	36000
	2002	3765	0	3765	16200	13400	33365	135	33500
MAN	2000	91	0	91	36	14	141	71	212
	2001	155	0	155	110	15	280	90	370
	2002	225	0	225	140	20	385	115	500
SASK	2000	26	0	26	471	78	575	48	623
	2001	35	0	35	350	50	435	35	470
	2002	55	0	55	470	75	600	50	650
ALTA	2000	1255	0	1255	6141	888	8284	1147	9431
	2001	1600	0	1600	5775	700	8075	1175	9250
	2002	1400	0	1400	5825	500	7725	1075	8800
BC	2000	1055	524	1579	3978	809	6366	604	6970
	2001	3400	1500	4900	4400	700	10000	700	10700
	2002	2300	800	3100	6200	1000	10300	900	11200
CAN	2000	9418	524	9942	27926	18819	56687	2782	59469
	2001	12825	1540	14365	32900	18510	65775	3105	**68900
	2002	12665	800	13465	33185	16780	63430	3145	**66600

Source: CMHC Forecast 2001-2002.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

### MLS Total Residential Sales (units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>2005</b>	<b>2170</b>	<b>2288</b>	<b>2437</b>	<b>2593</b>	<b>2650</b>	<b>2675</b>
%	21.1	8.2	5.4	6.5	6.4	2.2	0.9
<b>PEI</b>	<b>750</b>	<b>806</b>	<b>1125</b>	<b>1184</b>	<b>1206</b>	<b>1100</b>	<b>1100</b>
%	57.6	7.5	39.6	5.2	1.9	-8.8	0.0
<b>NS</b>	<b>8372</b>	<b>7567</b>	<b>8052</b>	<b>8827</b>	<b>8429</b>	<b>8800</b>	<b>8400</b>
%	19.3	-9.6	6.4	9.6	-4.5	4.4	-4.5
<b>NB</b>	<b>4023</b>	<b>3941</b>	<b>3908</b>	<b>4080</b>	<b>4524</b>	<b>4600</b>	<b>4650</b>
%	15.1	-2.0	-0.8	4.4	10.9	1.7	1.1
<b>QUE</b>	<b>39135</b>	<b>43463</b>	<b>45192</b>	<b>49792</b>	<b>53755</b>	<b>57000</b>	<b>55000</b>
%	31.4	11.1	4.0	10.2	8.0	6.0	-3.5
<b>ONT</b>	<b>137921</b>	<b>140608</b>	<b>138463</b>	<b>148659</b>	<b>147036</b>	<b>156500</b>	<b>151000</b>
%	31.4	1.9	-1.5	7.4	-1.1	6.4	-3.5
<b>MAN</b>	<b>10965</b>	<b>11180</b>	<b>10762</b>	<b>11111</b>	<b>10612</b>	<b>11100</b>	<b>11100</b>
%	12.5	2.0	-3.7	3.2	-4.5	4.6	0.0
<b>SASK</b>	<b>8689</b>	<b>8346</b>	<b>8068</b>	<b>8053</b>	<b>7552</b>	<b>7700</b>	<b>7700</b>
%	18.2	-3.9	-3.3	-0.2	-6.2	2.0	0.0
<b>ALTA</b>	<b>37485</b>	<b>43693</b>	<b>43383</b>	<b>42684</b>	<b>43311</b>	<b>46500</b>	<b>45500</b>
%	28.8	16.6	-0.7	-1.6	1.5	7.4	-2.2
<b>BC</b>	<b>72182</b>	<b>68182</b>	<b>52910</b>	<b>58084</b>	<b>54179</b>	<b>68500</b>	<b>70000</b>
%	24.3	-5.5	-22.4	9.8	-6.7	26.4	2.2
<b>CAN</b>	<b>321527</b>	<b>329956</b>	<b>314151</b>	<b>334911</b>	<b>333197</b>	<b>*364500</b>	<b>*357100</b>
%	27.7	2.6	-4.8	6.6	-0.5	9.4	-2.0

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.

### MLS Average Residential Price (dollars and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
<b>NFLD</b>	<b>93661</b>	<b>92226</b>	<b>91514</b>	<b>94359</b>	<b>99525</b>	<b>103000</b>	<b>105000</b>
%	4.6	-1.5	-0.8	3.1	5.5	3.5	1.9
<b>PEI</b>	<b>83922</b>	<b>86403</b>	<b>79577</b>	<b>82139</b>	<b>82883</b>	<b>84500</b>	<b>85250</b>
%	13.7	3.0	-7.9	3.2	0.9	2.0	0.9
<b>NS</b>	<b>93444</b>	<b>96693</b>	<b>97015</b>	<b>102628</b>	<b>110269</b>	<b>115000</b>	<b>118000</b>
%	4.1	3.5	0.3	5.8	7.4	4.3	2.6
<b>NB</b>	<b>84198</b>	<b>87204</b>	<b>86648</b>	<b>88072</b>	<b>91624</b>	<b>94000</b>	<b>95000</b>
%	0.2	3.6	-0.6	1.6	4.0	2.6	1.1
<b>QUE</b>	<b>98435</b>	<b>101715</b>	<b>103947</b>	<b>107501</b>	<b>111260</b>	<b>116000</b>	<b>119000</b>
%	-0.3	3.3	2.2	3.4	3.5	4.3	2.6
<b>ONT</b>	<b>155662</b>	<b>164382</b>	<b>167115</b>	<b>174049</b>	<b>183870</b>	<b>195000</b>	<b>202000</b>
%	0.7	5.6	1.7	4.1	5.6	6.1	3.6
<b>MAN</b>	<b>85318</b>	<b>85404</b>	<b>86419</b>	<b>84525</b>	<b>87884</b>	<b>92000</b>	<b>96000</b>
%	4.2	0.1	1.2	-2.2	4.0	4.7	4.3
<b>SASK</b>	<b>77478</b>	<b>83978</b>	<b>87577</b>	<b>91396</b>	<b>94047</b>	<b>99500</b>	<b>103500</b>
%	5.0	8.4	4.3	4.4	2.9	5.8	4.0
<b>ALTA</b>	<b>117673</b>	<b>124865</b>	<b>132905</b>	<b>139621</b>	<b>146258</b>	<b>152000</b>	<b>157000</b>
%	2.5	6.1	6.4	5.1	4.8	3.9	3.3
<b>BC</b>	<b>218687</b>	<b>220512</b>	<b>212045</b>	<b>215283</b>	<b>221371</b>	<b>220000</b>	<b>223500</b>
%	-1.4	0.8	-3.8	1.5	2.8	-0.6	1.6
<b>CAN</b>	<b>150837</b>	<b>154644</b>	<b>152402</b>	<b>158126</b>	<b>164135</b>	<b>*172500</b>	<b>*177800</b>
%	0.3	2.5	-1.4	3.8	3.8	5.1	3.1

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2001-2002.

(F) Forecast.

\* Total does not add due to rounding.



### Employment (annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-3.7	1.2	2.6	5.5	-0.2	3.0	1.0
PEI	2.9	0.5	1.9	1.5	5.3	1.2	1.5
NS	0.2	1.6	3.8	2.4	2.7	0.5	1.2
NB	-1.2	1.5	2.3	3.3	1.8	0.0	0.9
QUE	-0.1	1.6	2.7	2.3	2.4	0.9	1.0
ONT	1.0	2.6	3.3	3.6	3.2	1.5	1.8
MAN	-0.1	1.3	1.9	1.3	2.2	0.5	1.2
SASK	-0.4	2.7	1.3	0.8	1.0	-2.6	1.0
ALTA	2.9	3.5	3.9	2.5	2.3	2.7	2.0
BC	1.6	2.6	0.1	1.9	2.2	0.4	1.5
CAN	0.8	2.3	2.7	2.8	2.6	1.1	1.5

Source: Statistics Canada, CMHC Forecast 2001-2002.  
(F) Forecast.

### Unemployment Rate (per cent)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	19.3	18.6	18.0	16.9	16.7	16.0	15.9
PEI	14.8	15.4	13.9	14.4	12.0	12.0	11.8
NS	12.3	12.1	10.5	9.6	9.1	9.5	9.4
NB	11.6	12.7	12.2	10.2	10.0	11.1	11.2
QUE	11.9	11.4	10.3	9.3	8.4	8.8	9.1
ONT	9.0	8.4	7.2	6.3	5.7	6.5	7.1
MAN	7.2	6.5	5.5	5.6	4.9	5.0	4.6
SASK	6.6	5.9	5.8	6.1	5.2	6.0	5.6
ALTA	6.9	5.8	5.6	5.7	5.0	4.7	4.7
BC	8.7	8.4	8.8	8.3	7.2	7.3	7.5
CAN	9.6	9.1	8.3	7.6	6.8	7.2	7.5

Source: Statistics Canada, CMHC Forecast 2001-2002.  
(F) Forecast.

### Real Gross Domestic Product (annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-4.2	1.1	6.0	6.0	5.2	2.3	5.5
PEI	3.2	-1.9	3.0	3.2	4.0	2.1	2.7
NS	0.3	3.2	3.0	5.2	2.7	1.9	2.5
NB	1.3	0.4	4.0	4.2	3.9	2.0	2.5
QUE	1.4	3.3	3.0	4.7	4.2	1.3	2.0
ONT	1.1	4.9	4.1	6.1	5.7	1.9	2.5
MAN	3.0	3.4	2.9	3.0	3.5	2.3	2.0
SASK	1.9	5.2	2.4	1.1	3.0	1.0	2.0
ALTA	2.4	7.5	3.7	2.5	6.5	4.0	3.5
BC	2.8	3.3	0.9	2.1	3.0	1.1	2.9
CAN	1.6	4.3	3.9	5.1	4.4	1.6	2.3

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.

(E) Estimate (for provinces only). (F) Forecast.

National figures reflect the Fisher index, while provincial figures reflect the Laspeyres indices.

### Total Net Migration\* (persons)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-7934	-8414	-7751	-2316	-3341	-3000	-2750
PEI	595	-232	117	882	403	350	400
NS	1599	527	222	3012	990	750	1250
NB	-620	-1223	-2257	1068	866	500	750
QUE	5422	-1981	1637	5788	3486	2200	1200
ONT	84158	93877	71339	96598	123772	142000	126000
MAN	-1476	-4179	-1629	1272	752	-580	380
SASK	-588	-1473	-952	-4913	-7350	-6140	-4000
ALTA	24722	40645	45626	20402	30121	32000	29000
BC	67505	44614	11166	24512	17892	27000	32000
CAN**	173383	162161	117518	146305	167591	195080	184230

Source: Statistics Canada, CMHC Forecast 2001-2002.

(F) Forecast.

\* Sum of interprovincial migration, international migration, and non-permanent residents.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate, structures of 3 units +
Victoria	2000	872	531	-4.3	4508	251398	A	1.8
	2001(F)	1030	560	0.7	5450	258000	A	0.9
	2002(F)	1040	600	2.6	5700	263000	A	0.7
Vancouver	2000	8203	3132	-1.0	20401	378130	A	1.4
	2001(F)	10500	3100	-1.0	28500	370000	A	1.2
	2002(F)	11000	3200	0	29000	374000	A	1.1
Edmonton	2000	6228	4072	2.1	14189	124203	A	1.4
	2001(F)	7000	4600	1.1	15900	132000	A	1.0
	2002(F)	7100	4600	2.5	15700	137000	A	1.2
Calgary	2000	11093	6749	2.4	19828	176305	A	1.3
	2001(F)	10500	7100	2.1	21600	182500	A	1.8
	2002(F)	10100	6850	2.0	20900	189700	A	1.8
Saskatoon	2000	968	602	2.0	2758	112567	A	1.4
	2001(F)	800	500	3.0	2900	117000	A	2.0
	2002(F)	1000	650	2.5	2900	121500	A	2.0
Regina	2000	615	459	2.6	2612	94518	A	1.4
	2001(F)	500	400	2.5	2700	97000	A	2.0
	2002(F)	625	475	2.5	2700	100000	A	2.0
Winnipeg	2000	1317	1210	2.8	9465	88553	A	2.0
	2001(F)	1490	1240	2.5	10000	94000	A	1.5
	2002(F)	1615	1290	2.5	10000	98500	A	1.5
Thunder Bay	2000	154	141	-1.3	1279	109811	A	5.8
	2001(F)	190	140	-1.0	1305	110909	A	4.0
	2002(F)	260	150	0.3	1344	112018	A	3.0
Sudbury	2000	173	169	-1.3	1825	109262	A	7.7
	2001(F)	180	175	-1.0	1830	109700	A	7.5
	2002(F)	190	180	0.3	1875	110000	A	7.0
Windsor	2000	2382	1748	0.7	4616	137453	A	1.9
	2001(F)	1,975	1,550	0.0	4600	141580	A	1.8
	2002(F)	2,025	1,575	1.0	4650	144410	A	2.0
London	2000	1713	1198	2.9	6505	134594	A	2.2
	2001(F)	1,525	1,225	2.2	7000	137000	A	2.1
	2002(F)	1,840	1,125	1.5	6550	138000	A	1.8
Kitchener	2000	3509	2261	4.0	4567	157386	A	0.7
	2001(F)	3,300	2,200	3.3	4575	165500	A	0.8
	2002(F)	3,300	2,275	3.3	4600	172500	A	1.2
St. Catharines-Niagara	2000	1230	962	4.2	4977	130854	A	2.6
	2001(F)	1,207	900	2.7	5210	137400	A	2.3
	2002(F)	1,220	915	3.3	5100	142250	A	2.0
Hamilton	2000	3108	1884	2.5	10347	164168	A	1.7
	2001(F)	3,375	1,775	2.8	10800	172500	A	1.3
	2002(F)	3,415	1,800	3.3	10750	174500	A	1.4
Toronto	2000	38982	17119	2.7	58349	243249	A	0.6
	2001(F)	41,000	15,500	2.6	64000	250000	A	0.7
	2002(F)	37,500	14,000	1.7	60000	255000	A	0.8

## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual chg.	MLS sales	MLS single-detached average price	* Structures of 3 units +	Rental vacancy rate
Oshawa	2000	2874	2152	n.a.	4401	164416	A	1.7
	2001(F)	2,500	2,000	n.a.	4450	170000	A	1.6
	2002(F)	2,475	1,975	n.a.	4400	175000	A	1.4
Ottawa	2000	5786	3494	7.3	12692	186992	A	0.2
	2001(F)	6,700	3,910	11.3	11463	202886	A	0.3
	2002(F)	5,510	2,950	5.0	11600	216682	A	0.5
Hull	2000	1224	768	n.a.	3230	91750	A	1.4
	2001(F)	1500	995	n.a.	3800	100000	A	0.6
	2002(F)	1350	813	n.a.	3000	97000	A	1.0
Montréal	2000	12766	6800	3.7	29555	132632	A	1.5
	2001(F)	12400	6900	5	32500	139000	S	1.0
	2002(F)	11600	6300	5	30500	143000	S	0.8
Trois-Rivières	2000	337	225	n.a.	746	78000	S	6.8
	2001(F)	335	230	n.a.	750	79500	S	6.2
	2002(F)	400	242	n.a.	750	80500	S	6.0
Sherbrooke	2000	515	283	n.a.	1114	91300	A	4.7
	2001(F)	540	283	n.a.	1200	91300	A	3.5
	2002(F)	580	261	n.a.	1150	94500	A	3.0
Québec	2000	2275	1262	2.1	6254	88996	A	1.6
	2001(F)	2575	1408	n.a.	6500	91500	A	0.8
	2002(F)	2800	1496	n.a.	6500	94250	A	0.8
Chicoutimi-Jonquière	2000	296	203	n.a.	785	82331	S	4.4
	2001(F)	320	227	n.a.	795	84500	A	4.7
	2002(F)	320	223	n.a.	805	86500	A	5.0
Saint John	2000	346	309	-0.3	1383	94511	A	3.4
	2001(F)	375	320	0.5	1350	95000	A	4.3
	2002(F)	370	310	0.2	1350	94500	A	4.6
Halifax	2000	2661	1373	3.3	5610	128003	A	3.6
	2001(F)	2275	1225	2.5	5950	132000	A	4.5
	2002(F)	2100	1200	2.2	5700	135000	A	4.2
St. John's	2000	935	825	2.2	2453	100763	A	3.8
	2001(F)	925	775	2	2525	103500	A	2.5
	2002(F)	1000	800	2	2550	105500	A	2.0
Charlottetown	2000	318	264	1.8	497	103435	A	2.6
	2001(F)	250	210	1.7	460	105000	A	2.4
	2002(F)	280	230	1.3	450	106000	A	2.6
ALL METRO AREAS	2000	110880	60195	2.2	234946			1.6
	2001(F)	115267	59448	2.5	258113			1.3
	2002(F)	111015	56485	2.1	250524			1.3

## \* Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

n.a.: data not available

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2001-2002.



**Major Housing Indicators**  
**Seasonally Adjusted Annual Rates**  
**(levels and quarterly per cent change)**

	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4	01:Q1	01:Q2	01:Q3
<b>New housing</b>								
Building permits, units, thousands	169.3	153.6	144.9	159.7	150.0	167.1	162.4	..
%	3.9	-9.3	-5.6	10.2	-6.1	11.4	-2.8	..
Housing starts, total, thousands	156.4	160.5	141.8	156.6	154.2	163.0	163.4	156.1
%	6.4	2.6	-11.7	10.4	-1.5	5.7	0.2	-4.5
Housing starts, singles, thousands	95.8	100.4	89.8	92.1	91.5	98.3	91.9	93.5
%	2.7	4.8	-10.6	2.6	-0.7	7.4	-6.5	1.7
Housing starts, multiples, thousands	60.6	60.1	52.0	64.5	62.7	64.7	71.5	62.6
%	12.8	-0.8	-13.5	24.0	-2.8	3.2	10.5	-12.4
Housing completions, total, thousands	147.3	149.1	146.1	149.0	140.0	147.9	151.2	154.1
%	5.8	1.2	-2.0	2.0	-6.0	5.6	2.2	1.9
New house price index, 1992=100	101.8	102.3	102.9	103.5	104.2	104.9	105.8	..
%	0.6	0.5	0.6	0.6	0.7	0.6	0.8	..
<b>Existing housing</b>								
MLS resales, units, thousands	326.7	338.6	328.7	332.3	333.2	352.1	371.3	..
%	-5.1	3.6	-2.9	1.1	0.3	5.7	5.5	..
MLS average resale price, \$C thousands	160.6	161.4	163.0	164.9	167.3	165.7	171.4	..
%	0.6	0.5	0.9	1.2	1.4	-1.0	3.5	..
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	415.4	421.3	426.3	430.0	433.8	439.2	443.9	..
%	0.9	1.4	1.2	0.9	0.9	1.2	1.1	..
Mortgage approvals, \$C billions	68.7	69.5	72.0	76.5	78.7	84.3	89.5	..
%	-11.9	1.1	3.6	6.4	2.8	7.1	6.2	..
1-year mortgage rate, per cent*	7.35	7.63	8.03	7.90	7.83	7.10	6.73	6.03
5-year mortgage rate, per cent*	8.25	8.48	8.52	8.25	8.15	7.58	7.67	7.50
<b>Residential investment**</b>								
Total, \$1997 billions	45.7	45.9	44.7	45.8	46.2	46.9	46.9	..
%	2.5	0.4	-2.6	2.4	1.0	1.4	0.1	..
New, \$1997 billions	23.5	23.4	22.4	22.8	22.9	23.7	23.5	..
%	4.8	-0.6	-4.1	1.5	0.5	3.7	-0.8	..
Alterations, \$1997 billions	15.3	15.5	15.5	15.9	16.4	16.0	15.7	..
%	3.4	1.3	0.0	3.1	2.6	-2.1	-1.8	..
Transfer costs, \$1997 billions	6.9	7.0	6.8	7.1	7.0	7.1	7.6	..
%	-6.2	1.9	-3.2	3.6	-0.8	1.8	6.9	..
Deflator, 1997=100	104.2	106.1	106.3	105.5	106.4	107.9	108.7	..
%	0.2	1.9	0.2	-0.8	0.9	1.4	0.8	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.



CA1  
MH50  
-C53

MAY 10 2002

Government  
Publications

# MHC HOUSING

## OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

### Housing activity will slow in 2002 but pick up in 2003

#### Overview

#### Starts:

**2002: 156,100**

**2003: 159,200**

#### Resales:

**2002: 368,500**

**2003: 370,100**

**Starts:** Look for a small decline in housing starts this year but a gain next year. The decline will be tied to weak job growth in 2001 and 2002. Construction will remain robust, however, due to high migration, low mortgage rates, and stronger house prices. 2003 will see higher starts due to a stronger economy.

**Resales:** Weak job growth will also move sales lower in 2002 but an improved economy will nudge sales higher in 2003.

**Prices:** Look for resale price growth in the two to three per cent range over the next two years as sales moderate relative to the number of listings on the market.

Details on page three.

### The Nation's HOT SPOTS

**Alberta:** Thanks to one of the fastest growing provincial economies, construction will remain at high levels (See Page 10).

**Ontario:** Look for migration to help prop up housing starts over the 70,000 mark in each of the next two years (See Page 13).

**British Columbia:** The housing market will continue its rebound from the trough in 2000, helped in part by the low mortgage rates (See Page 9).

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact CMHC at (613) 748-2006 to get your copy sent to you by e-mail.

### First Quarter, 2002

3	NATIONAL OUTLOOK
4	TRENDS IMPACTING HOUSING
6	RENTAL MARKET: A REVIEW AND OUTLOOK
9	PROVINCIAL REPORTS
9	British Columbia
10	Alberta
11	Saskatchewan
12	Manitoba
13	Ontario
14	Quebec
15	New Brunswick
16	Nova Scotia
17	Prince Edward Island
18	Newfoundland and Labrador
19	FORECAST TABLES

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.



HOME TO CANADIANS  
Canada



## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2006, fax: 613 748-4069

To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST

Single issue \$40 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)>

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2002 Canada Mortgage and Housing Corporation

All rights reserved.

ISSN 1488-6537

Product # 61500-2002-Q01

#### Upcoming PDF Release Dates

**Second Quarter 2002 — April**

**Third Quarter — July**

**Fourth Quarter — October**

# National Housing Outlook

## Highlights

### Multiples will remain robust

Starts of multiples units will remain robust in 2002 and 2003 relative to the average of the last five years, while starts of single-detached units will decline slightly. Single starts will edge lower as rising house prices make multiple starts a more affordable substitute.

### Low vacancies will help trigger starts

Low rental vacancy rates will help trigger strong multiple construction, however, only a portion will take the form of rental starts. Most of the construction will be condominiums. Some of these condo units will end up being occupied by tenants, helping meet the demand for rental housing.

### Hottest segment will be apartments

Apartment construction will remain the hottest segment across most of the country. Apartment starts will average about 40,000 per year over the next two years, some 30% higher than the average seen from 1997 to 2001.

### Still opportunities in single segment

Although there will be fewer single-detached starts in 2002 and 2003 than over the last five years, the size of the single segment remains important at about 90,000 units per year. Single starts will rebound in both British Columbia and Saskatchewan this year and next. Singles will also advance in all provinces next year, with the exception of Quebec, Manitoba, and New Brunswick.

### Resale transactions pull back from peak

The number of resale transactions reached a record in 2001. Resales will pull back from this peak in 2002 because of a weaker job market. Total transactions will still be near the 370,000 mark given low mortgage rates.

### More modest price gains for 2002-2003

Resale home prices will advance at a more modest two to three per cent pace in 2002 and 2003 than the four to five per cent pace over the last two years. Several urban centres will see a more balanced market between buyers and sellers.

## Spotlight on INVENTORIES

**Inventories of newly completed and unoccupied units help explain the resilience in housing starts activity.**

**Inventories for all types of newly completed and unoccupied units are now at their lowest levels ever recorded on CMHC databases.**

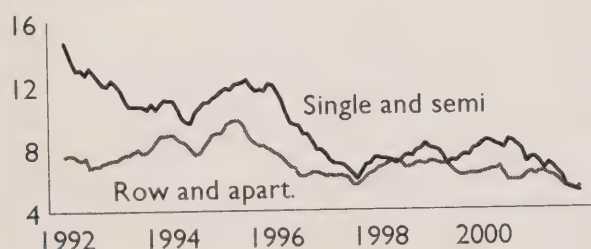
**This means that demand for new units will have to be met increasingly by housing starts, rather than by a drawdown in the inventories.**

**This trend correlates strongly with developments in the rental market. The rental market is now very tight with an average national apartment vacancy rate for structures of three units and more close to 1%. This will mean that demand for rental will also have to be met in part by housing starts, rather than unoccupied rental units.**

**Accordingly, considering that demand for housing will decline yet remain robust, the low inventories of new and unoccupied units and of rental units bode well for home building over the next few years.**

### New unoccupied inventories very low

Thousand units



Source: CMHC



# Trends Impacting Housing

## Positive Impact

- ✓ *Low mortgage rates*
- ✓ *High migration*

## What to Watch For

- ✓ *Weaker employment prospects*
- ✓ *Consumer confidence*

## The Economy

Following weak economic growth over the last few quarters of 2001, CMHC expects uneven growth in the first half of this year, moderate growth in the third quarter, and accelerating growth in the fourth quarter.

The recovery is predicated on an anticipated economic rebound in the U.S., a low Canadian dollar, the drop in interest rates, the turnaround in equity markets, and fiscal stimulus. The pace of the recovery, however, will be initially quite moderate for two key reasons. Low corporate earnings, high inventory levels, and low productive capacity utilization rates, will keep a lid on investment spending. Meanwhile, rising unemployment will slow consumer spending. Overall, Canadian GDP growth will be near 1.3% in 2002. Economic growth should accelerate in the 3% to 4% range in 2003 as consumer and investment spending strengthen.

## Mortgage Rates

The Bank of Canada has again dropped its key rates to bolster the economy early in 2002. As a result, both short and long term mortgage rates have fallen significantly from the peaks in 2000, about 175 basis points for 5-year terms and 325 basis points for 1 year-terms. Mortgage rates are expected to bottom out in the first quarter of 2002 and remain low for most of the year. Mortgage rates will rise slowly only as the economy regains momentum later in 2002. Rates will move much higher with more robust economic activity into 2003.

## Migration

There has been a strong rebound in total net migration since the Asian crisis in 1998. In fact there were more immigrants allowed into Canada last year than what was targeted by the federal government.

It remains to be seen, however, what effect September 11 will have on immigration. At this point, it is reasonable to think that immigration will be down closer to the middle

of the federal government's target range of 210,000 to 235,000 this year. Preliminary immigration data indicate that the number of persons acquiring immigration status has dropped significantly since September 11. Since emigration is also expected to drop from recent levels, total net migration flows will still be high. This will be a significant factor in maintaining demand for housing, particularly in Toronto, Vancouver, and Montréal.

The impact on housing demand from immigration is twofold. The recent surge will mean strong demand for rental units. The surge in the early 1990s will mean strong demand for owned units as these earlier immigrants shift tenure from rental to home ownership, especially in the context of low mortgage rates.

## Employment



















Job creation is the key factor pushing our forecast for housing markets lower in 2002. Job creation rose substantially from 1997 to 2000, totaling close to one million jobs over the period. Last year saw more moderate job creation as the average level of employment in 2001 was about 167,000 persons higher than the average in 2000. Job creation is expected to moderate even further to about 70,000 in 2002. The weaker job creation since last year, and the fact that much of it has been part time, will soften demand for new housing.

## Consumer confidence

Consumer confidence remains high. The key home-buying age groups remain confident and more than half of consumers indicate it is a good time to buy big-ticket items. Confidence is expected to move lower over the first few quarters of 2002 but not down to recessionary levels. Confidence is largely driven by job prospects and only massive job losses would drive down confidence as low as in the early 1980s and early 1990s.

# Trends at a Glance

## Key factors and their effects on home building

Factor	Comment	Impact	
		2002	2003
Mortgage rates	Staying low in 2002 and rising by 2003.		
Employment	Weaker job creation in 2001 and 2002 dampens housing demand this year and next.		
Incomes	Growth will moderate but remain positive due to tax cuts and wage gains.		
Net migration	Immigration flows will taper off from the 2001 peak but remain large and sustain housing demand.		
Household formation	Higher as a result of net immigration and strong job creation since 1997.		
Consumer confidence	Confidence remained high in the second half of 2001 but is expected to move lower in line with reduced job prospects. May have more of an impact on 2002 housing demand. Confidence should return by 2003.		
Resale market	Demand spillover from record tight resale markets boost construction of new homes, although less so in 2002.		
Unoccupied new units	Low inventories a positive signal to builders.		
Vacancy rates	Low rates trigger multiple construction.		



## Rental market: A review and outlook

The rental market has changed substantially in the last few years. Low vacancy rates and rising rents, along with the introduction of a new government partnership for the construction of affordable rental housing, will affect the rental housing market in 2002 and 2003.

### Rental apartment vacancy rate low

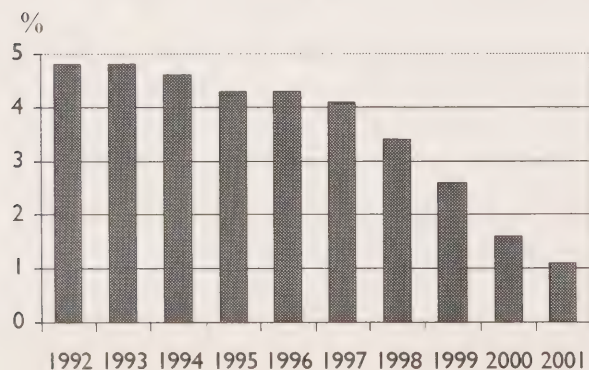
According to CMHC's Rental Market Survey, the overall vacancy rate for privately-initiated apartments in structures with three units and over in metropolitan areas went from 1.6 per cent in October 2000 down to 1.1 per cent in October 2001. This is the lowest rate since the survey first included structures of three units and over in 1987.

Vacancy rates fell in 17 of the 26 metropolitan areas. The greatest rate decreases were recorded in **Sherbrooke** (from 4.7 per cent to 2.3 per cent), **Trois-Rivières** (from 6.8 per cent to 4.7 per cent) and **Sudbury** (from 7.7 per cent to 5.7 per cent).

Sixteen metropolitan areas posted rates under 2 per cent, while eight areas had vacancy levels below 1 per cent. The lowest rates were surveyed in **Victoria** (0.5 per cent), **Montréal** (0.6 per cent) and **Gatineau** (0.8 per cent).

Vacancy rates fell in most metropolitan areas due to strong job creation since 1997, strong international immigration, and an increase in the number of young adults arriving on the housing market. Greater rental supply and strong movement towards home ownership caused vacancy rates to rise elsewhere.

Vacancy Rates – Metropolitan Areas  
Private apartment buildings of 3 units and over



Source: CMHC

### New agreement for the construction of affordable housing

On November 30, 2001, the federal, provincial and territorial ministers agreed on a framework to increase the supply of affordable housing across Canada. Based on provincial and territorial needs and priorities, this may include construction, major renovation, conversion and affordable homeownership. Details of eligible programs in each province and territory will be mutually agreed upon by the parties through bilateral agreements. Agreements have been signed already with Quebec, British Columbia, Nunavut, and the Northwest Territories.

The framework for the agreements include the following parameters:

- The federal government has made a commitment to provide a total contribution of \$680 million over 5 years.
- Provinces and territories will be required to match federal contributions overall.
- Federal funding may be used for the capital contributions and administration costs of the initiative in the provinces and territories.
- The maximum federal contribution is set at an average of \$25,000 per housing unit for the duration of the program.
- Funded housing units must remain affordable for a minimum period of 10 years.
- Contributions from the provinces and territories may take the form of capital or other types of subsidies; they may also be cash or in-kind contributions provided by the province, the territory or a third party.

## Rising rents and decreasing mortgage rates carry implications

The average rental increase for two-bedroom apartments was 3.4 per cent between October 2000 and October 2001. Between October 1999 and October 2000, the average increase was similar at 3.3 per cent. (This is a non-weighted average rent of privately-initiated apartments in structures with three units and over.)

Over the last few years, the increase in rents, combined with the decrease in mortgage rates to levels unequalled in four decades for certain terms, is enhancing the appeal of homeownership.

A comparison between average apartment rents in some metropolitan areas and the monthly mortgage payments derived from the average price of new recently absorbed condominium apartments reveals that homeownership constitutes an attractive alternative in terms of cost. This is particularly true in the case of Ottawa, but less so in certain other metropolitan areas. The difference between the average rent and monthly mortgage payments remains particularly significant in Toronto and Vancouver.

### Comparison between average rents and monthly mortgage payments in select metropolitan areas

Metropolitan areas	Apartment vacancy rate*	Average rent (\$) for a two-bedroom apartment *	Monthly mortgage payment (\$) **	Difference (\$)
Calgary	1.2	783	1,018	235
Edmonton	0.9	654	922	268
Halifax	2.8	783	918	135
Hamilton	1.3	439	1,123	684
Kitchener	0.9	722	856	134
Montréal	0.6	530	781	251
Ottawa	0.9	914	914	0
Regina	2.1	568	901	333
Saskatoon	2.9	558	815	257
Toronto	0.9	1,027	1,884	857
Vancouver	1.0	919	1,777	858
Victoria	0.5	751	1,468	717
Windsor	2.9	738	845	107
Winnipeg	1.4	605	790	185

Source: CMHC

\* Privately initiated two-bedroom apartments in structures of three units and over.

\*\* Based on the average price of new condominium apartments absorbed from January to November 2001. Down payment of 5 per cent, five-year mortgage rate of 5.85 per cent and amortization of 25 years.



## Increase in rental housing construction

The significant decrease in the vacancy rate for the past five years and the increase in rents are stimulating more rental housing construction. Total rental housing starts in urban areas reached 14,681\* units in 2001, up almost 45% from the 10,155\* units in 2000. The level of rental housing starts, however, remains low relative to the total level of starts in urban areas at 10.3 per cent.

Over the next two years, rents are expected to rise at a faster pace than inflation in certain cities. However, the pace of the increase will remain moderate overall given the trend toward homeownership.

The expected increase in rents may not yet be sufficient to entice significant private rental investment, but may well spur more condominium developments.

Rental housing starts* Urban centres with pop. 10,000 +		
Provinces	2001	% of total starts
Nfld.	14	1.2
P.E.I.	48	12.8
N.B.	669	30.4
N.S.	746	27.0
Que.	4,018	18.3
Ont.	2,717	3.9
Man.	120	7.2
Sask.	34	2.1
Alta.	2,485	10.1
B.C.	3,826	24.4
Canada	14,681	10.3

Source: CMHC

\* These figures do not take into account dwelling starts that are not primarily intended as rental housing but still accommodate tenants, as is notably the case for many condominium apartments.

## Vacancy rate to remain low

The average vacancy rate for rental apartments in privately-initiated structures of three units and over in metropolitan areas will remain stable at 1.1 per cent at the time of the October 2002 survey. Higher immigration and the delayed effect of the growth in youth employment during the last three years will keep the rental vacancy rate low in many metropolitan areas.

The average vacancy rate is expected to rise slightly to 1.3 per cent in 2003. The coming on stream of new rental and condominium housing projects will help lift the vacancy rate.■

### Vacancy rates - 2002

Down		Up
Winnipeg	Victoria	Toronto
Thunder Bay	Vancouver	Oshawa
Sudbury	Abbotsford	Ottawa
Windsor	Edmonton	Gatineau
London	Calgary	Chicoutimi
Kingston	Saskatoon	Saint John
Trois-Rivières	Regina	Halifax
Sherbrooke	Kitchener	Charlottetown
Québec	St. Catharines	
St. John's	Hamilton	
No change		
Montréal		

Source: CMHC

**For more detailed information on metropolitan rental markets, contact your nearest CMHC market analyst.**

# British Columbia

## Overview

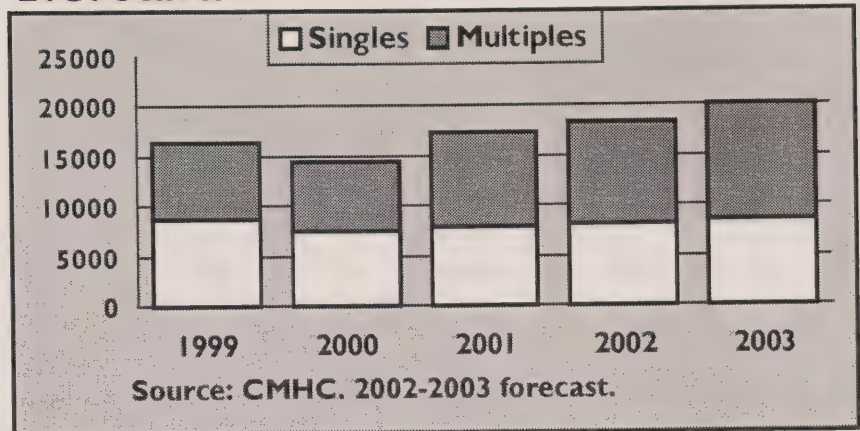
### Economy is bruised but the housing market recovery continues in 2002

The economic outlook for the first half of 2002 does not look positive for B.C. The global economic contraction coupled with the fallout of U.S.-imposed softwood lumber duties has amounted to considerable losses in the province's labour market. As such, consumer confidence is decidedly weaker, especially in the resource-dependent communities of the province.

Nevertheless, the B.C. economy is forecast to rebound in the second half of 2002, benefiting from a U.S. recovery. An expected improvement in commodity prices should lift growth in the province's resource sector and help to recoup many of the jobs lost in 2001. Recent tax cuts and higher investment spending will promote more substantial economic gains by 2003.

Despite weaker economic conditions going

## B.C. Starts



into 2002, B.C.'s housing market recovery will endure. The stimulative impact of low mortgage and interest rates is expected to more than offset the negative effects of employment losses, particularly in the **Lower Mainland, Victoria** and the **Okanagan**. While first-time buyers dominated these markets last year, move-up buyers will take centre stage in 2002, mostly driving sales of single detached homes.

With the existing inventory of unsold new housing remaining low, new residential construction levels will have room to grow in 2002. As in the past few years, most of the growth will occur in **Vancouver's** multiple sector with relatively little growth occurring elsewhere in the province until the overall B.C. economy improves by 2003.

## In Detail

**Single Starts:** Single starts are expected to increase by three per cent in 2002. Most of the growth will be concentrated in **Surrey, Langley, Maple Ridge** and to a lesser extent, in **Victoria** as more serviced land becomes available through the year.

**Multiple Starts:** Multiple construction will remain the largest component of B.C. housing growth in 2002. A significant portion of this segment last year was new niche-oriented rental units constructed primarily by the private sector. As these niche markets approach saturation, private rental construction will moderate somewhat this year. However, increased apartment condo construction in **Vancouver** should lift multiple starts in B.C. by about ten per cent in 2002.

**Resales:** B.C.'s per capita sales levels were the highest in Canada over 2001. The stimulative impact of historically low

mortgage rates is expected to keep sales levels healthy in 2002 with demand being strongest for single detached homes. Expect sales to increase by about five per cent to 72,800 units.

**Prices:** The province's average resale price is expected to rise by only 0.7 per cent. The more apparent move-up segment in the **Lower Mainland, Victoria and the Okanagan** will lift the average resale price, but continuing weakness in the resource communities will limit the magnitude of the increase.

## Spotlight on RENTAL CONSTRUCTION

A unique feature of B.C.'s housing market recovery has been the substantial increase in private market rental construction as a result of the low vacancy rates. Last year, rental starts - consisting of mainly apartment units - increased by over 250 per cent compared to the previous year. The majority of these new units were centred in the downtown core of **Vancouver** and targeted specific niches including seniors and the affluent.



# Alberta

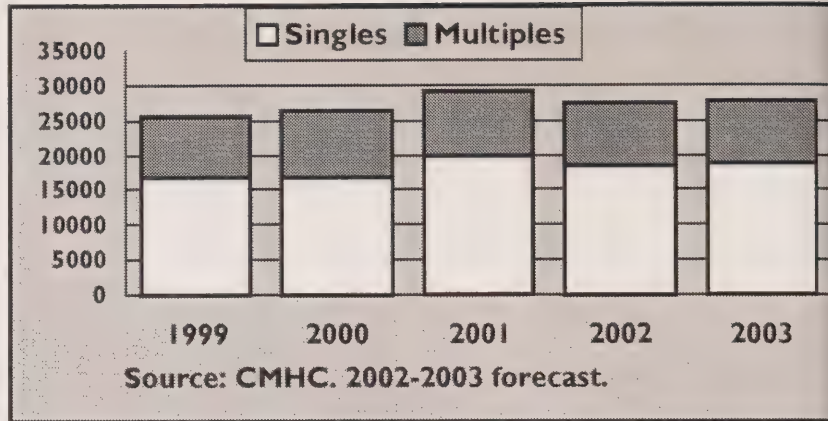
## Overview

### Province will remain the economic bright spot

In 2001, Alberta total economic output increased by about four per cent, while the number of jobs increased by nearly three per cent. This solid performance enabled the province to maintain its position as the top destination choice for Canadians from other provinces seeking job opportunities. The combination of a healthy job market, continued population gains from other provinces, and low mortgage rates supported healthy levels of resale and new home activity across the province.

The economy will slow over the next year. Provincial government spending will be restrained due to reduced energy royalties. The slowdown in the U.S. economy and central Canada will have a negative impact on the tourism as well as manufacturing and related sectors. In addition, overall invest-

## Alberta Starts



ment in the upstream natural gas and conventional oil sector is expected to decline by about 20 percent from 2001 to 2002. However, given their longer planning horizon, investment in non-conventional oil projects will continue at a robust pace. As a result, investment activity in the energy sector over the forecast period will be well above the average of the past five years.

While economic growth will slow relative to previous years, the economy will grow significantly above the national average in 2002. In 2003, the gap in economic growth between Alberta and the rest of Canada will narrow as the other provinces benefit from a resurgence in the U.S. economy.

## In Detail

**Single Starts:** In 2001, single starts recorded the best performance since 1998. Though low mortgage rates and a healthy energy sector will support demand in 2002, activity will be held back by slower job creation, higher prices, and weaker consumer confidence. Despite the decline, activity will still be the second best year on record since 1998.

**Multiple Starts:** Multiple-family construction in 2001 posted its best performance in 18 years. Over the next year, in response to heightened inventories in certain centres, multi-family builders will scale back on the number of new projects started. As a result, multi-family starts are forecast to decline by 8.8 per cent in 2002. However, this will represent the third best year for multi-family starts since 1982.

**Resales:** In 2001, total sales on the MLS reached record levels. In 2002, CMHC expects sales to slip by four per cent to 46,950 units. Low mortgage rates may have

caused some households to move forward their buying decision. As a result, some of the anticipated sales for 2002 may have actually occurred in late 2001. Over the next few months, an anticipated boost in sales prompted by low mortgage rates may be offset by rising concerns over job security.

**Prices:** Overall price growth in 2002 will be held back by adequate selection and appropriate pricing strategies, as sellers attempt to ensure a quick sale. In 2002, prices are forecast to rise at a moderate pace of about 3.4 per cent.

## Spotlight on FORT McMURRAY

The Fort McMurray economy continues to benefit from massive investment in the Athabasca oil sands projects. A total of \$11 billion has been invested in projects since 1996, with another \$40 billion planned for the next decade.

Both single and multi-family starts in Fort McMurray will set new records as builders respond to what is arguably the tightest housing market in Canada. Strong demand for rental accommodations has kept the vacancy rate close to zero and resulted in an average rent increase of 20 per cent in 2001.

# Saskatchewan

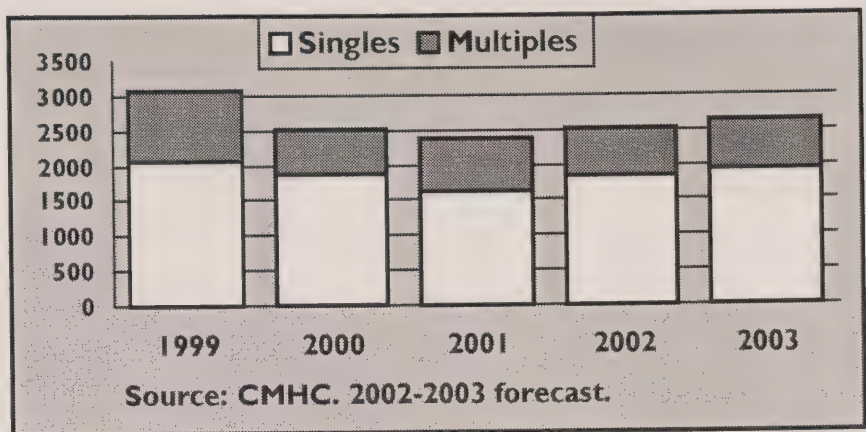
## Overview

### Economic prospects point to growth in housing demand.

Economic growth in the province moderated to less than one per cent in 2001, due to a large extent to reduced output in the agriculture sector.

Economic growth prospects are better for 2002 and particularly for 2003. Manufacturing of export products will rise with improved conditions south of the border. Prospects for the forestry, oil and gas, and mining sectors will also brighten. Meanwhile, crop production should return to more normal levels weather permitting. As a result, overall GDP growth is expected to accelerate from 0.8 per cent in 2001 to one per cent in 2002 and two per cent in 2003.

## Saskatchewan Starts



The stronger and more balanced economic growth will translate into a return to positive job growth in 2002 and 2003. Job losses in 2001 will be almost fully recouped by 2003. Despite the improved job market, the unemployment rate will remain just below the 6 per cent mark.

The increased employment, combined with intra-provincial migration from rural to urban areas, will stimulate demand for housing in urban centres.

## In Detail

**Single Starts:** Because of the difficult job market, many buyers postponed their decision to buy a new single-detached home in 2001, resulting in a 13.9 per cent decline in single-detached starts. However, the combination of improved job conditions, low mortgage rates and limited choice in moderately-priced resale markets will help single starts stage a recovery in 2002.

**Multiple Starts:** Multiple housing starts have already staged a comeback in 2001 and the pace will continue in 2002. Marketing of a major life-lease project has recently begun in **Regina**, while additional condominium starts are planned for **Saskatoon**.

Multiple projects underway are targeted toward buyers of moderately-priced townhouses and luxury apartments. Rising resale prices will encourage more seniors to opt for the condominium lifestyle.

**Resales:** The resale market has absorbed much of the demand for homeownership in 2001, leading to an increase in the number of sales over 2000. Listings have increased in

the two largest centres, but many of these listings are higher-priced properties rather than modest, first-time buyer homes. The resulting scarcity of good quality, moderately-priced homes will persist in urban Saskatchewan resale markets and limit total transactions near the 7,700 mark in 2002.

**Prices:** A shift toward higher-priced properties will lift resale prices about five per cent in 2002. Rising prices in resale markets will allow seniors and empty-nesters to realize the equity on their existing home and purchase a condominium or a life-lease unit.

## Spotlight on RENTAL MARKETS

According to CMHC's October 2001 rental market survey, the average vacancy rate rose in almost all communities. The rise showed the impact of out-migration of highly-mobile, young people from the province's cities as a result of job losses. The rise also reflected rental households moving into home ownership.

Despite the recent rise, the average vacancy rate is expected to remain low as job opportunities improve and households migrate from rural to urban communities.



# Manitoba

## Overview

### Housing markets to remain stable

Due to reduced demand from the United States for Manitoba's products, economic growth in the province has slowed dramatically. Weaker economic growth resulted in reduced job growth. Total employment in 2001 increased by a marginal 0.4 per cent.

Economic growth is not expected to pick up steam until late 2002 with the rebound in the North American economy. Therefore, job gains over the forecast period will be more modest than the average of the past five years. By the end of 2003, the total number of jobs will increase by about 11,000 and the unemployment rate will remain below the five per cent mark. Moreover, over 80 per cent of the workers between the ages of 25 and 44 (the prime home buying years) will continue to have a full time job.

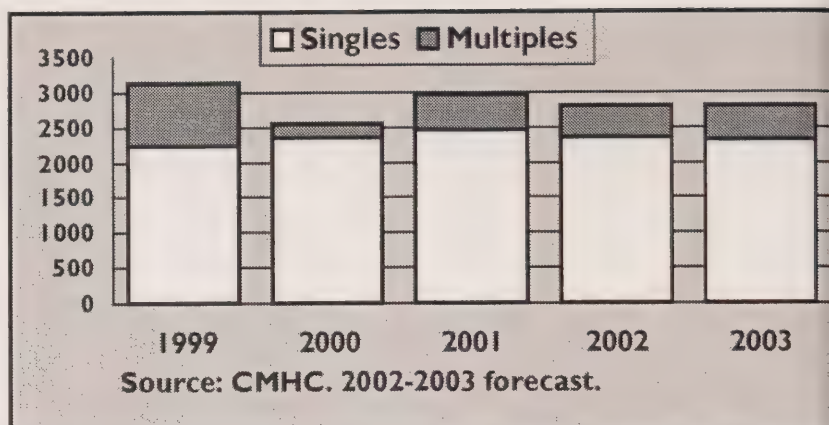
## In Detail

**Single Starts:** In response to a lack of supply in the resale market and low mortgage rates, many move-up buyers will be considering the new home market for their future housing needs. Look for single starts to remain stable at nearly 2,400 units in 2002 and 2003.

**Multiple Starts:** The majority of Manitoba's multiple-family housing units are destined for the condominium and life-lease markets. Historically, multiple-family construction has been prone to large bouts of volatility. However, CMHC expects multiple-family starts to remain stable over the next two years. In 2002 and 2003, 440 and 480 new multiple-family starts respectively are anticipated in response to the demand of Manitoba's ageing population.

**Resales:** In spite of historically low levels of listings, the resale market will continue to record high levels of sales. MLS sales in Manitoba are expected to plateau at 11,600

## Manitoba Starts



Unlike Ontario and Alberta, Manitoba does not experience a significant amount of increase in population through interprovincial or international migration. As a result, much of the demand for housing in the province is generated from the existing population base.

Given the demographic make-up of the province, most of the positive impact of a low unemployment rate and low mortgage rates will be felt in the single-detached market. Sustained demand from first-time and move-up buyers will allow the resale markets to maintain their strong performance. On the new home front, annual starts will remain stable around the 2,800 level over the next two years.

sales in 2002 and 2003. Furthermore, shortages of good-quality homes will result in some demand spillover to the new home market.

**Prices:** Tight rental market conditions will encourage renters to look at home ownership. Therefore, average price gains may be moderated by an increase in first-time home buyers. However, strong demand and limited supply will put continued upward pressure on house prices over the next two years. CMHC expects price growth of about four per cent per annum over the next two years.

## Spotlight on RENOVATION

The strong performance of Winnipeg's resale market will spur renovation spending in Manitoba to reach \$596 million in 2002. In addition, tight resale market conditions combined with increasing prices of new and existing homes will encourage households to undertake renovation work as opposed to buying another home.

Furthermore, the ageing of Manitoba's housing stock will continue to support high demand for renovation work which accounts for 63 per cent of all residential construction expenditures.



# Ontario

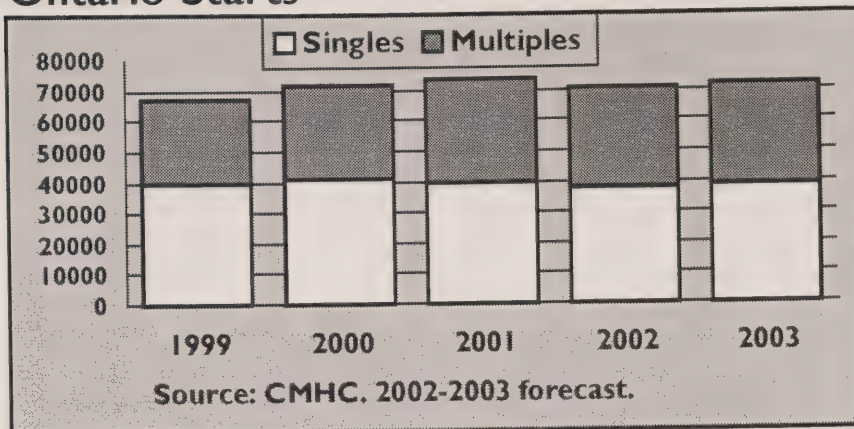
## Overview

### Expect home construction to dip

Home starts in 2001 hit a 12 year record. Low mortgage rates and high immigration levels boosted home starts from 71,521 in 2000 to 73,282 in 2001. House prices continue to rise and existing home sales are at an all-time high. Economic sluggishness will nudge home sales and construction moderately lower in 2002 before modest gains follow in 2003.

People are the key to housing demand and the largest component of population growth is immigration. Immigration to Ontario has been exceptionally strong in 2001 with most immigrants coming to Toronto's established ethnic and social networks. It remains to be seen, however, what effect September 11 will have on immigration. At this point, it is reasonable to think that immigration will be down from last year.

## Ontario Starts



Employment, another important housing demand variable, has been at a standstill throughout 2001. Losses in the 25 to 44 year age group nibbled away at the pool of future home-buyers. Lower goods demand from a shrinking United States economy and a poor showing in Ontario's leading indicators suggest employment weakness at the start of 2002. Economic stimulus from low interest rates and a low Canadian dollar will eventually lift the provincial economy -- and with it the demand for homes.

## In Detail

**Single Starts:** Single detached homes are the most popular and expensive home type. Starts of single family homes will edge lower as rising home prices make multiple family homes a more and more affordable substitute.

**Multiple Starts:** Row home construction in both the condominium and homeowner categories will dip slightly in 2002 in the face of a stalled economy. Rental starts will be low by historical standards. They will receive a boost from government assistance to affordable rental projects and from demand from a growing renter aged population in a low vacancy environment.

**Resales:** Low mortgage rates and mild fall weather pushed home sales to a new record. Consumer caution will move 2002 home sales lower. Economic growth will nudge sales in 2003 higher.

**Prices:** Leading home price indicators, such as the sales-to-new listings ratios, imply that most of the province's resale markets are

balanced to tight. Home prices will continue to grow, but will grow at a slower pace as the economy cools.

## Spotlight on RENTAL MARKETS

### Ontario's vacancy rate is slightly higher

A slight increase in Ontario's average vacancy rate this year ended a streak of four consecutive years of declines. Ontario's vacancy rate in apartment structures with three units or more inched up to 1.7 per cent in October 2001 from 1.6 per cent a year ago.

Ontario's average rent has outpaced inflation. The average rent for a two bedroom apartment rose by 4.1 per cent, more than double October's 1.9 per cent Consumer Price Index inflation rate.

Kitchener, Ottawa and Toronto are Ontario's hottest rental markets, with two bedroom unit vacancy rates of 0.6, 0.8 and 0.8 respectively. Thunder Bay and Sudbury are the province's and Canada's coolest rental markets. The most rapid rent increases were in Kingston, Ottawa and Toronto -- markets with low vacancies.



# Quebec

## Overview

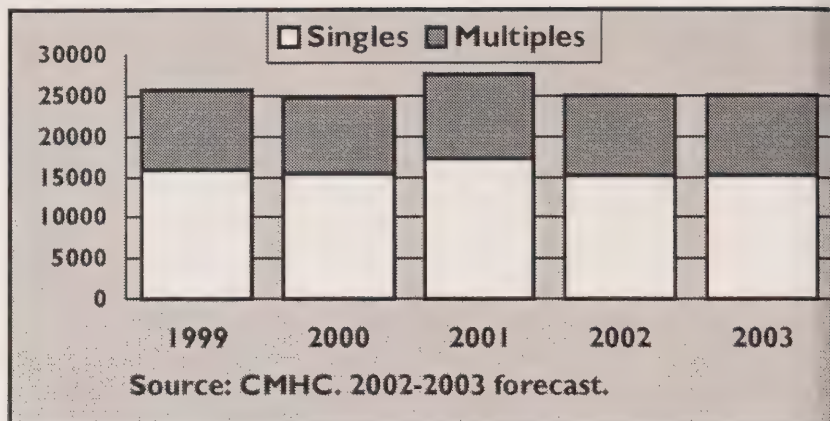
### Starts to decrease in 2002 and stabilize in 2003

The North American economic slowdown will bring about a decline in housing starts in 2002. This year and next year, 25,000 new housing units will be started in Quebec, compared to 27,682 in 2001.

Firmly integrated in the North American economy through its external trade, Quebec will suffer from the sluggishness of its major export markets. As a result, we expect the GDP to grow by just 0.6 per cent in 2002 and 2.8 per cent in 2003. The unemployment rate will climb to 9.1 per cent in 2002, before going back down to 8.8 per cent in 2003.

The Quebec economy is in a much better position than in the early 1990s because of

## Quebec Starts



increased exports of products that are less sensitive to economic cycles. In addition, healthier public finances enabled Quebec to adopt a more stimulative budget this past November, without forgoing a balanced budget. In short, a lighter tax burden and easing interest rates will buoy consumption among Quebec households. Major public work projects will also support economic activity until exports start picking up again, later in 2002 and 2003.

## In Detail

**Single Starts:** The single-detached home building segment will be the hardest hit by the economic slowdown, absorbing the bulk of the downturn in starts. We forecast that single starts will fall to 15,200 units this year and next, compared to 17,193 in 2001.

**Multiple Starts:** The number of multiple starts in 2002 and 2003 will remain essentially unchanged from 2001, thereby withstanding the deterioration of labour market conditions. Given their greater homeownership affordability, semi-detached and row homes and condominium apartments will remain popular among buyers who must contend with a resale market where moderately priced, quality properties are selling fast.

In addition, the low vacancy rate (1.3 per cent) observed in Quebec is making homeownership more attractive given the very low mortgage rates. This being said, rental housing construction will also be supported by the introduction of the government's affordable housing program.

**Resales:** The year 2001 was a record year for resale transactions. About 62,000 transactions were recorded, for an increase of 14.6 per cent over 2000. As time goes by, a strong

demand on the existing home market leads to a reduction in the number of properties for sale, which limits the potential level of transactions. In 2002 and 2003, transactions will reach 58,500 and 59,000 units, respectively. The resale market remains very robust given the low rental vacancy rate and low mortgage rates.

**Prices:** The resale market will be increasingly favourable to sellers, especially in the **Montréal** and **Gatineau** areas, creating upward pressure on the average price of existing homes. Following an increase of 4.1 per cent in 2001, the average resale price will rise by about 2.5 per cent both this year and next.

## Spotlight on EMPLOYMENT

Despite the difficult economic conditions in North America and the drop in the global prices of raw materials, Quebec had 58,000 more jobs in November 2001 than in November 2000, for an increase of 1.7 per cent. So far, this performance contrasts with the economic slowdown phases registered in the early 1980s and 1990s, which had been marked by significant job losses.

The transformation of Quebec's manufacturing sector toward higher value-added sectors and the modernization of its traditional sectors to meet the demands of globalization are now making it possible to lessen the negative impacts on employment. As a result, in November 2001, the employment level in Quebec's manufacturing sector had gone up by 33,100 jobs over one year, representing a gain of 5.4 per cent.



# New Brunswick

## Overview

### Residential construction remains strong

The completion of a number of capital projects coupled with softer U.S. export demand will significantly affect New Brunswick's economic growth in 2002. The province's petroleum and forest products as well as base metals exports are dependent upon the strength of the U.S. as more than 80 per cent of New Brunswick shipments are sent across the American border. As a result, expect GDP to moderate to a 0.7 per cent growth rate in 2002 before rising to 2.4 per cent the following year.

Inter-provincial migration will also suffer as workers continue to leave southern New Brunswick. However, a rise in immigration will outweigh inter-provincial out-migration. Net migration will therefore remain positive in 2002, but will not match the 2001 levels.

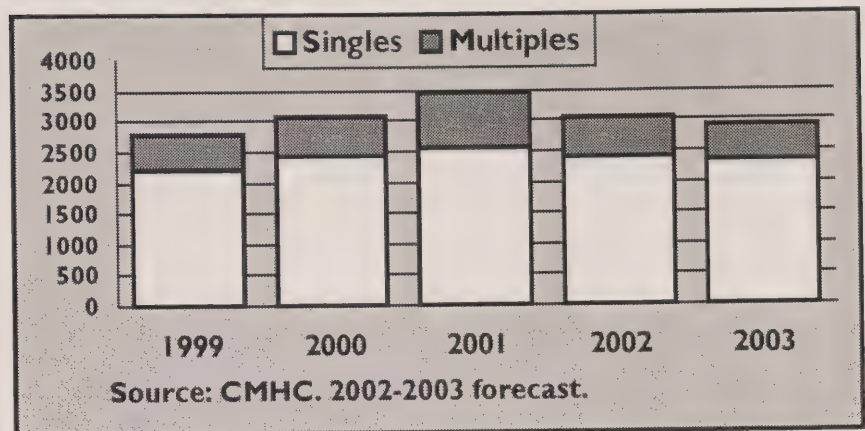
## In Detail

**Single Starts:** Residential activity in 2002 is expected to remain close to 2001 levels as potential buyers will take advantage of the current 40-year low mortgage rates. Construction of single-family homes will be particularly strong in **Greater Moncton** and in rural areas. Single starts will then slowdown in 2003. Our current forecast indicates 2,400 and 2,325 single starts in 2002 and 2003 respectively.

**Multiple Starts:** Near record low vacancy levels in **Fredericton** and **Moncton** have stimulated the construction of multiple dwellings. As a result, multiple starts in 2001 rose to the highest level since 1993. Construction activity will decline relative to this peak over the forecast period but remain strong in historical terms.

**Resales:** A slow start in new home construction in early 2001 combined with low mortgage rates has helped MLS sales to reach another record year. However, the strong sales in 2001 have absorbed a fair share of

## New Brunswick Starts



Employment growth will be nil in 2002. Employment will only start to expand again in 2003 with a 1.5 per cent growth. The labour force will expand at a faster pace than employment this year, causing the unemployment rate to rise to 12 per cent before dropping to under 12 per cent in 2003.

Despite a slowdown in economic and employment growth, the demand for housing remains strong. A shortage of rental units in **Fredericton** and **Moncton** will continue to support strong multiple starts in 2002. Total starts will reach 3,050 and 2,900 units in 2002 and 2003 respectively.

the listings inventory, in **Greater Moncton** in particular. As a result, expect MLS sales to decline slightly to 4,650 units in 2002 before rising slightly to 4,700 units in 2003.

**Prices:** An increased number of higher priced homes sales will push the average sale price to \$98,000 and \$97,500 in 2002 and 2003 respectively.

## Spotlight on RURAL AREAS

Construction activity in rural areas of the province has remained strong over the last few years. A large number of people have moved closer to relatives and services in larger N.B. urban centres. However, many have chosen locations just outside Census Area limits. Furthermore, high levels of migrants are moving away from larger centres, such as Toronto, to build their retirement home along the coast. The influx of people in growing communities near the larger centres has stimulated housing demand. In 2001, multiple starts in rural areas have reached one of the highest levels in 10 years.

An increasing number of people will decide to commute to work due to improved accessibility to larger centres with the new highways. Expect rural starts to remain strong over the next several years.



# Nova Scotia

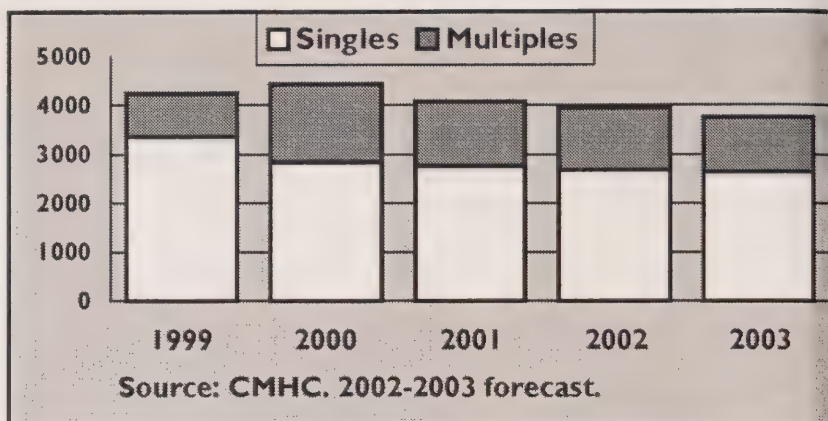
## Overview

**Low mortgage rates stimulate housing demand despite economic doldrums**

Despite what is forecast to be the second consecutive year of sluggish economic growth and weak labour markets in Nova Scotia, historically low mortgage rates are expected to continue to sustain housing demand well into this year. As a result, the provincial housing market is forecast to post a broad, but shallow contraction in 2002.

Weakness in the North American economy and shaky consumer confidence are expected to continue through the first half of this year, limiting prospects for a strong economic recovery in Nova Scotia in 2002. However, offshore oil and

## Nova Scotia Starts



gas exploration is set to expand as the year progresses, and the \$1 billion Pan Canadian Deep Panuke project is scheduled to begin construction around midyear. This activity will kickoff what is expected to be a prolonged period of economic and employment growth in the province which is forecast to accelerate sharply in 2003.

Consequently, single and multiple starts as well as MLS sales are forecast to decline in 2002 in conjunction with anticipated slower price growth but stabilize somewhat in 2003.

## In Detail

**Single Starts:** Single-detached housing starts are forecast to decline 9 per cent in 2002, marking the third consecutive year of falling single family home building activity. Tight construction labour market conditions and changes in the provincial New Home Harmonized Sales Tax Rebate Program will contribute to further increases in builders' costs this year, which is expected to discourage the growing but price sensitive first-time buyer demand segment.

**Multiple Starts:** After returning to a more typical and sustainable level of activity in 2001, multiple starts are expected to stabilize this year. While a decline in rental vacancy rates in urban centres across the province in 2001 is expected to result in a sustained level of new rental development, continuing low mortgage rates will encourage many developers to introduce new condominium and townhouse projects, especially in **Metro Halifax**.

**Resales:** After a record setting year of more than 9,000 MLS sales in 2001, existing

home sales are forecast to slip 4 per cent in 2002 as overall housing demand declines in tandem with sagging economic growth and weak employment gains this year.

**Prices:** Average price growth is forecast to moderate to about two per cent in 2002 as first-time home buyers are expected to comprise a growing share of overall housing demand. Although the provincial average price will increase at a more moderate pace, a shortage of existing homes for sale will still allow sellers market conditions to prevail in some key markets.

## Spotlight on OFFSHORE ENERGY

The offshore oil and gas industry in Nova Scotia is in the nascent stages, but it has the potential to be a major long-term economic stimulus and job creator if further large energy deposits are found in addition to those currently being developed by the \$3 billion Sable Gas Project and the \$1 billion Deep Panuke Project.

The total outstanding work expenditure bids for all current exploration licenses exceeds \$1 billion - a strong indication that the energy industry is confident that there are substantial resources yet to be located. Conservative estimates of natural gas reserves alone range from 20 to 40 trillion cubic feet. If realized, this would stimulate a substantial increase in investment and jobs.



# P.E.I.

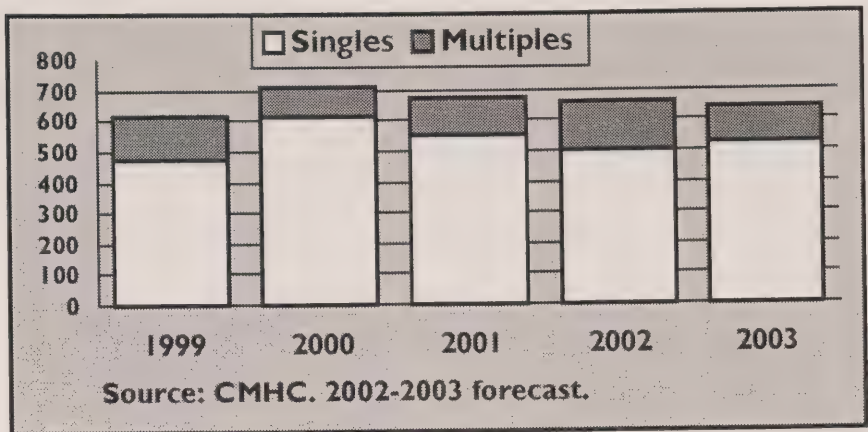
## Overview

### Non-residential construction spending helps sustain housing activity.

The rate of economic growth in P.E.I. is expected to slow in 2002, before rebounding slightly in 2003. The P.E.I. economy had a number of setbacks in 2001 which will continue to be felt in 2002. These include the near-drought-like conditions for the potato farmers, which cut their yields by 40%, the 10% decrease in fish quotas, the events of September 2001, and a decrease in international exports due to the slowdown in the North American economy. However, the high levels of non-residential construction that will continue into 2002 are offsetting these factors.

Employment growth on the Island is expected to remain positive over the next two years but to be more moderate than in the last two years. The majority of this job growth will come from the construction

## P.E.I. Starts



and service sectors of the economy. The large gains in the construction industry from 2001 will remain throughout 2002 as most of the large construction projects will run into this year. As well, most of the newly created full-time positions will be in the service sector in 2002 and in 2003 - a sign of the Island's diversifying economy.

The slower job growth will translate into fewer housing starts over the forecast period. In 2002, a decrease in single starts will be only partly offset by an increased level of multiple starts, especially in the **Charlottetown** area.

## In Detail

**Single Starts:** The construction of single-family homes is expected to drop to 500 units in 2002, despite the attractive interest rates currently being offered. However, with improving consumer confidence and a stronger economy, single starts are expected to increase slightly in 2003.

**Multiple Starts:** The low vacancy rate on the Island during the past few years, especially in urban centres, has not yet been enough to convince developers to build new projects. As a result, multiple starts are expected to increase only slightly to 160 units in 2002 before falling back to 115 units in 2003.

**Resales:** With attractive interest rates and a strong demand for existing homes, the resale market is expected to continue to do well over the forecast period. The only limiting factor may be the limited number of moderately priced homes available for sale. As a result, MLS sales are expected to

decrease slightly in 2002, before increasing again in 2003.

**Prices:** The continued strong demand for existing homes in the urban areas of the province will cause the average sales price to rise by about one per cent per year to \$89,500 by the end of 2003.

## Spotlight on CHARLOTTETOWN CONDO MARKET

As the Charlottetown real estate market matures, the number of housing options that it offers will increase. It now appears that some developers believe that this market is ready for condominium development. Currently the Charlottetown area has a very limited number of condo units in its real estate portfolio and most of these are in the low to middle of the price range.

The most recent developments in the Charlottetown area, indicate that developers believe that the time is right for a high-end condo project. Any new large scale condo project would be a first in this area, and if successful, may start a trend for future development. These projects will most likely be targeted to young professional and seniors, who tend to enjoy the advantages of condominium ownership.



# Newfoundland and Labrador

## Overview

### Economic growth to lead the nation in 2002 - Housing markets to remain active

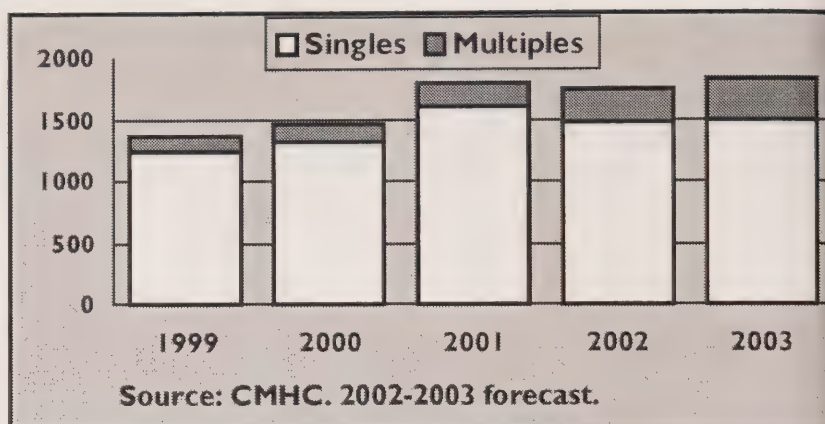
The outlook for ongoing expansion in oil production remains the major factor underpinning the positive economic picture in coming years. Following some setbacks last year, Hibernia is expected to return to full production. When combined with the start of production at Terra Nova, the energy sector will be the catalyst to the sustained economic upturn. The energy sector will also be bolstered by commencement of the White Rose oil project. While White Rose will provide some stimulus this year, most spin-offs will occur between 2003-2005 as its construction phase gains momentum. Growth in service based industries, and in particular retail trade, will continue, albeit at reduced levels from those achieved in

## In Detail

**Single Starts:** Following substantial growth last year, single-detached starts are expected to decline slightly in 2002. Despite the decline, single starts will still post their second best performance since 1994. Consumer uncertainty, modest employment growth and a gradual shift towards the purchase of more affordable townhouse style housing will moderate singles activity in the near term. Underlying weakness in resource industries will also limit further gains in rural areas in coming years. Expect modest growth in 2003 in line with stronger employment and income growth.

**Multiple Starts:** With a number of rental markets under supplied and the population continuing to age, expect multiple starts to be the major source of growth over the medium term. While tight rental markets will stimulate new investment in apartment projects, ongoing demand for the purchase of townhouses and apartment style condominiums will also boost multiple unit construction. Expectations that public sector investment in affordable housing will in-

## Newfoundland Starts



recent years. On the downside, sluggish demand and high inventory levels will hold back activity in mining and forestry. This will limit opportunities for a sustained recovery in many rural economies.

Job gains are expected to moderate from their recent strong pace, advancing between one and two per cent this year and next. When combined with income growth and low interest rates, demand for housing will remain at high levels. While out migration will result in further population declines, the rate of loss will slow as weaknesses in other parts of Canada keep more people at home and force others to return to the province.

crease should also bolster multiple starts.

**Resales:** Low interest rates and strong economic conditions will keep activity at high levels in 2002-2003.

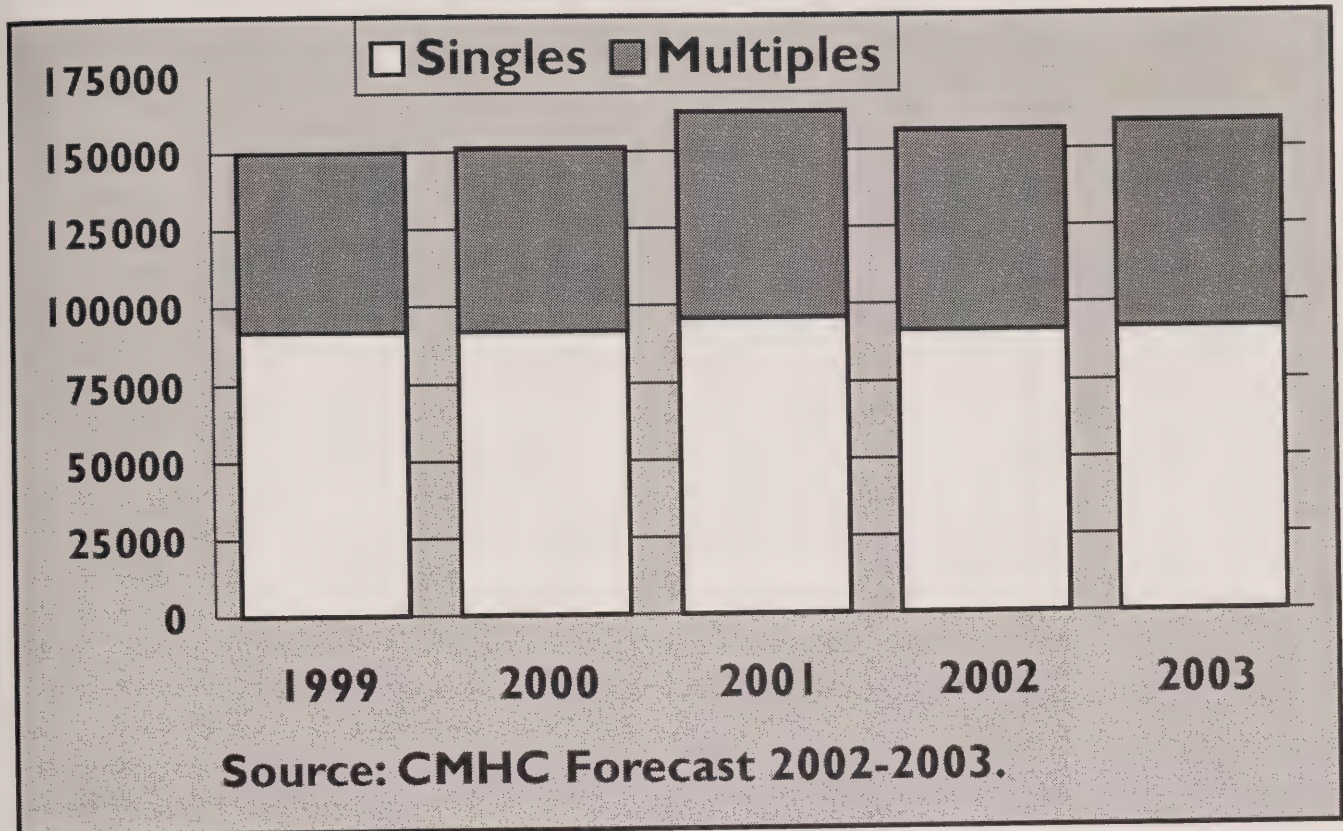
**Prices:** With sales activity brisk and listings remaining tight, the average MLS price will maintain its upward trend in 2002 and 2003.

## Spotlight on the RENTAL MARKETS

Rental demand within provincial urban centres increased significantly in 2001, with vacancy rates falling from the year before. Unlike recent years, the improved performance was widespread as all markets experienced a decline in vacancy rates over the past 12 months. The healthy improvement in rental market performance largely reflects healthy employment growth in urban centres as well as the virtual collapse in new construction in recent years.

Within the St. John's region, the vacancy rate fell to 2.5 per cent. This marked the fourth consecutive year of decline with the vacancy rate falling to its lowest level since 1990. Falling vacancy rates, rising rents and strong household demand are among several factors pointing to a recovery in the rental construction sector over the next 12 to 24 months.

# Canada Starts



## Total Housing Starts (units and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	1696	1450	1371	1459	1788	1750	1825
%	-16.6	-14.5	-5.4	6.4	22.5	-2.1	4.3
<b>PEI</b>	470	524	616	710	675	660	640
%	-15.2	11.5	17.6	15.3	-4.9	-2.2	-3.0
<b>NS</b>	3813	3137	4250	4432	4092	3950	3750
%	-6.1	-17.7	35.5	4.3	-7.7	-3.5	-5.1
<b>NB</b>	2702	2447	2776	3079	3462	3050	2900
%	-0.7	-9.4	13.4	10.9	12.4	-11.9	-4.9
<b>QUE</b>	25896	23138	25742	24695	27682	25000	25000
%	11.5	-10.7	11.3	-4.1	12.1	-9.7	0.0
<b>ONT</b>	54072	53830	67235	71521	73282	70500	72000
%	25.6	-0.4	24.9	6.4	2.5	-3.8	2.1
<b>MAN</b>	2612	2895	3133	2560	2963	2800	2800
%	12.7	10.8	8.2	-18.3	15.7	-5.5	0.0
<b>SASK</b>	2757	2965	3089	2513	2381	2525	2620
%	13.1	7.5	4.2	-18.6	-5.3	6.0	3.8
<b>ALTA</b>	23671	27122	25447	26266	29174	27500	27700
%	42.0	14.6	-6.2	3.2	11.1	-5.7	0.7
<b>BC</b>	29351	19931	16309	14418	17234	18400	20000
%	6.2	-32.1	-18.2	-11.6	19.5	6.8	8.7
<b>CAN</b>	147040	137439	149968	151653	162733	*156100	*159200
%	17.9	-6.5	9.1	1.1	7.3	-4.1	2.0

Source: CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	1220	1086	1233	1315	1598	1475	1500
%	-12.5	-11.0	13.5	6.7	21.5	-7.7	1.7
<b>PEI</b>	374	387	472	614	551	500	525
%	-13.0	3.5	22.0	30.1	-10.3	-9.3	5.0
<b>NS</b>	2939	2257	3345	2856	2761	2675	2625
%	-10.3	-23.2	48.2	-14.6	-3.3	-3.1	-1.9
<b>NB</b>	2125	1989	2201	2442	2573	2400	2325
%	-2.2	-6.4	10.7	10.9	5.4	-6.7	-3.1
<b>QUE</b>	16073	14685	15798	15349	17193	15200	15200
%	8.5	-8.6	7.6	-2.8	12.0	-11.6	0.0
<b>ONT</b>	35401	32737	39421	41087	39632	38000	38100
%	31.0	-7.5	20.4	4.2	-3.5	-4.1	0.3
<b>MAN</b>	2019	2368	2231	2348	2460	2360	2320
%	7.7	17.3	-5.8	5.2	4.8	-4.1	-1.7
<b>SASK</b>	1954	2154	2070	1890	1627	1850	1920
%	21.2	10.2	-3.9	-8.7	-13.9	13.7	3.8
<b>ALTA</b>	18170	20077	16688	16835	19769	18500	18700
%	40.3	10.5	-16.9	0.9	17.4	-6.4	1.1
<b>BC</b>	12911	8691	8731	7448	7862	8100	8500
%	3.7	-32.7	0.5	-14.7	5.6	3.0	4.9
<b>CAN</b>	93186	86431	92190	92184	96026	*91100	*91700
%	19.5	-7.2	6.7	-0.0	4.2	-5.1	0.7

Source: CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	476	364	138	144	190	275	325
%	-25.5	-23.5	-62.1	4.3	31.9	44.7	18.2
<b>PEI</b>	96	137	144	96	124	160	115
%	-22.6	42.7	5.1	-33.3	29.2	29.0	-28.1
<b>NS</b>	874	880	905	1576	1331	1275	1125
%	11.9	0.7	2.8	74.1	-15.5	-4.2	-11.8
<b>NB</b>	577	458	575	637	889	650	575
%	5.1	-20.6	25.5	10.8	39.6	-26.9	-11.5
<b>QUE</b>	9823	8453	9944	9346	10489	9800	9800
%	16.9	-13.9	17.6	-6.0	12.2	-6.6	0.0
<b>ONT</b>	18671	21093	27814	30434	33650	32500	33900
%	16.4	13.0	31.9	9.4	10.6	-3.4	4.3
<b>MAN</b>	593	527	902	212	503	440	480
%	33.9	-11.1	71.2	-76.5	137.3	-12.5	9.1
<b>SASK</b>	803	811	1019	623	754	675	700
%	-2.8	1.0	25.6	-38.9	21.0	-10.5	3.7
<b>ALTA</b>	5501	7045	8759	9431	9405	9000	9000
%	48.0	28.1	24.3	7.7	-0.3	-4.3	0.0
<b>BC</b>	16440	11240	7578	6970	9372	10300	11500
%	8.2	-31.6	-32.6	-8.0	34.5	9.9	11.7
<b>CAN</b>	53854	51008	57778	59469	66707	*65100	*67500
%	15.3	-5.3	13.3	2.9	12.2	-2.4	3.7

Source: CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type

		1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NF	Semi-detached	158	163	50	44	30	50	50
	Row	18	20	9	23	36	50	50
	Apartment	300	181	79	77	124	175	225
	Total	476	364	138	144	190	275	325
PEI	Semi-detached	12	28	32	46	56	45	40
	Row	43	10	31	21	10	25	30
	Apartment	41	99	81	29	58	90	45
	Total	96	137	144	96	124	160	115
NS	Semi-detached	303	290	218	266	228	240	250
	Row	58	89	29	17	40	60	100
	Apartment	513	501	658	1293	1063	975	775
	Total	874	880	905	1576	1331	1275	1125
NB	Semi-detached	106	106	134	113	114	140	100
	Row	132	89	94	26	153	80	75
	Apartment	339	263	347	498	622	430	400
	Total	577	458	575	637	889	650	575
QC	Semi-detached	2767	1930	1586	1291	1309	1250	1250
	Row	1433	1074	1184	858	869	650	650
	Apartment	5623	5449	7174	7197	8311	7900	7900
	Total	9823	8453	9944	9346	10489	9800	9800
ON	Semi-detached	4299	4575	6445	7167	7106	7900	8100
	Row	9964	10073	10425	10846	10269	8400	9000
	Apartment	4408	6445	10944	12421	16275	16200	16800
	Total	18671	21093	27814	30434	33650	32500	33900
MAN	Semi-detached	143	131	90	52	51	85	90
	Row	96	81	151	63	84	65	85
	Apartment	354	315	661	97	368	290	305
	Total	593	527	902	212	503	440	480
SK	Semi-detached	160	174	155	148	116	163	142
	Row	352	222	104	173	240	162	168
	Apartment	291	415	760	302	398	350	390
	Total	803	811	1019	623	754	675	700
ALB	Semi-detached	1458	1428	1570	1518	1957	1800	1800
	Row	1691	1512	1424	1545	1779	1650	1650
	Apartment	2352	4105	5765	6368	5669	5550	5550
	Total	5501	7045	8759	9431	9405	9000	9000
B.C.	Semi-detached	1979	1218	816	885	916	950	1000
	Row	3469	2117	1444	1675	1686	1750	2000
	Apartment	10992	7905	5318	4410	6770	7600	8500
	Total	16440	11240	7578	6970	9372	10300	11500
CAN	Semi-detached	11385	10043	11096	11530	11883	*12600	*12800
	Row	17256	15287	14895	15247	15166	*12900	*13800
	Apartment	25213	25678	31787	32692	39658	*39600	*40900
	Total	53854	51008	57778	59469	66707	*65100	*67500

Source: CMHC Forecast 2002-2003.

\* Total does not add due to rounding.



## Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over						Other Areas	All Areas Total
		Rental/Co-op		Total Rental	Condo	Other*	Total 10,000+		
		Private	Assisted						
NFLD	2001	14	0	14	40	118	172	8	190
	2002	100	50	150	50	55	255	20	275
	2003	75	100	175	80	50	305	20	325
PEI	2001	48	0	48	0	30	78	18	124
	2002	90	0	90	40	0	130	30	160
	2003	80	0	80	0	0	80	35	115
NS	2001	600	0	600	320	166	1086	164	1331
	2002	600	0	600	375	150	1125	150	1275
	2003	450	0	450	400	125	975	150	1125
NB	2001	461	0	461	116	130	707	163	889
	2002	310	0	310	100	140	550	100	650
	2003	325	0	325	75	100	500	75	575
QUE	2001	4026	0	4026	4163	1630	9819	354	10489
	2002	3850	0	3850	3750	1550	9150	650	9800
	2003	3850	0	3850	3750	1550	9150	650	9800
ONT	2001	2627	89	2716	16649	14161	33526	100	33650
	2002	3900	0	3900	15000	13500	32400	100	32500
	2003	4300	0	4300	15400	14100	33800	100	33900
MAN	2001	192	0	192	79	8	279	219	503
	2002	155	0	155	230	15	400	40	440
	2003	155	0	155	230	15	400	80	480
SASK	2001	38	0	38	605	31	674	77	754
	2002	60	0	60	490	50	600	75	675
	2003	70	0	70	505	50	625	75	700
ALTA	2001	2470	0	2470	5325	770	8565	521	9405
	2002	1750	0	1750	5350	700	7800	1200	9000
	2003	1800	0	1800	5450	600	7850	1150	9000
BC	2001	2307	1605	3912	4285	889	9086	250	9372
	2002	1800	100	1900	7200	700	9800	500	10300
	2003	1700	0	1700	8400	700	10800	700	11500
CAN	2001	12783	1694	14477	31582	17933	63992	1874	65866
	2002	12615	150	12765	32585	16860	62210	2865	**65100
	2003	12805	100	12905	34290	17290	64485	3035	**67500

Source: CMHC Forecast 2002-2003.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

### MLS Total Residential Sales (units and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	2170	2288	2437	2593	2808	2750	2775
%	8.2	5.4	6.5	6.4	8.3	-2.1	0.9
<b>PEI</b>	806	1125	1184	1206	1234	1100	1200
%	7.5	39.6	5.2	1.9	2.3	-10.9	9.1
<b>NS</b>	7567	8052	8827	8429	9268	8900	8500
%	-9.6	6.4	9.6	-4.5	10.0	-4.0	-4.5
<b>NB</b>	3941	3908	4080	4524	4779	4650	4700
%	-2.0	-0.8	4.4	10.9	5.6	-2.7	1.1
<b>QUE</b>	43463	45192	49792	53755	61620	58500	59000
%	11.1	4.0	10.2	8.0	14.6	-5.1	0.9
<b>ONT</b>	140608	138463	148659	147158	162320	153500	154000
%	1.9	-1.5	7.4	-1.0	10.3	-5.4	0.3
<b>MAN</b>	11180	10762	11111	10612	11440	11600	11600
%	2.0	-3.7	3.2	-4.5	7.8	1.4	0.0
<b>SASK</b>	8346	8068	8053	7552	7971	7700	7800
%	-3.9	-3.3	-0.2	-6.2	5.5	-3.4	1.3
<b>ALTA</b>	43693	43383	42684	43311	48989	46950	47500
%	16.6	-0.7	-1.6	1.5	13.1	-4.2	1.2
<b>BC</b>	68182	52910	58084	54179	69430	72800	73000
%	-5.5	-22.4	9.8	-6.7	28.1	4.9	0.3
<b>CAN</b>	329956	314151	334911	333319	379859	*368500	*370100
%	2.6	-4.8	6.6	-0.5	14.0	-3.0	0.4

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.

### MLS Average Residential Price (dollars and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	92226	91514	94359	99525	104376	105500	107500
%	-1.5	-0.8	3.1	5.5	4.9	1.1	1.9
<b>PEI</b>	86403	79577	82139	82884	87696	88750	89500
%	3.0	-7.9	3.2	0.9	5.8	1.2	0.8
<b>NS</b>	96693	97015	102628	110269	116052	118500	119750
%	3.5	0.3	5.8	7.4	5.2	2.1	1.1
<b>NB</b>	87204	86648	88072	91624	95947	98000	97500
%	3.6	-0.6	1.6	4.0	4.7	2.1	-0.5
<b>QUE</b>	101715	103947	107501	111260	115865	118900	121900
%	3.3	2.2	3.4	3.5	4.1	2.6	2.5
<b>ONT</b>	164382	167115	174049	183841	193356	198200	203000
%	5.6	1.7	4.1	5.6	5.2	2.5	2.4
<b>MAN</b>	85404	86419	84525	87884	93192	96500	100000
%	0.1	1.2	-2.2	4.0	6.0	3.5	3.6
<b>SASK</b>	83978	87577	91396	94047	98310	103500	106500
%	8.4	4.3	4.4	2.9	4.5	5.3	2.9
<b>ALTA</b>	124865	132905	139621	146258	153737	159000	165500
%	6.1	6.4	5.1	4.8	5.1	3.4	4.1
<b>BC</b>	220512	212046	215283	221371	222984	224600	227000
%	0.8	-3.8	1.5	2.8	0.7	0.7	1.1
<b>CAN</b>	154644	152402	158126	164129	171968	*176400	*180400
%	2.5	-1.4	3.8	3.8	4.8	2.6	2.3

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.



### Employment (annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1.2	2.6	5.5	-0.2	3.3	1.0	1.5
PEI	0.5	1.9	1.5	5.3	2.0	0.5	1.3
NS	1.6	3.8	2.4	2.7	0.9	0.7	2.7
NB	1.5	2.3	3.3	1.8	0.0	-0.0	1.5
QUE	1.6	2.7	2.3	2.4	1.1	-0.1	1.3
ONT	2.6	3.3	3.6	3.2	1.5	0.3	1.7
MAN	1.3	1.9	1.3	2.2	0.6	1.0	1.0
SASK	2.7	1.3	0.8	1.0	-2.6	1.0	1.0
ALTA	3.5	3.9	2.5	2.3	2.8	1.8	2.0
BC	2.6	0.1	1.9	2.2	-0.3	0.4	2.2
CAN	2.3	2.7	2.8	2.6	1.1	0.4	1.7

Source: Statistics Canada, CMHC Forecast 2002-2003.

(F) Forecast.

### Unemployment Rate (per cent)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	18.6	18.0	16.9	16.7	15.5	15.5	16.1
PEI	15.4	13.9	14.4	12.0	11.9	12.3	12.3
NS	12.1	10.5	9.6	9.1	9.7	10.1	9.7
NB	12.7	12.2	10.2	10.0	11.2	12.0	11.8
QUE	11.4	10.3	9.3	8.4	8.7	9.0	8.7
ONT	8.4	7.2	6.3	5.7	6.4	7.3	7.4
MAN	6.5	5.5	5.6	4.9	5.0	4.9	4.8
SASK	5.9	5.8	6.1	5.2	5.8	5.8	5.8
ALTA	5.8	5.6	5.7	5.0	4.6	4.6	4.6
BC	8.4	8.8	8.3	7.2	7.6	8.4	7.6
CAN	9.1	8.3	7.6	6.8	7.2	7.8	7.6

Source: Statistics Canada, CMHC Forecast 2002-2003.

(F) Forecast.

## Real Gross Domestic Product (annual per cent change)

	1997	1998	1999	2000	2001 (E)	2002 (F)	2003 (F)
NFLD	1.1	7.8	6.7	5.6	1.8	4.5	3.5
PEI	-0.3	5.6	3.8	3.0	1.9	1.7	2.3
NS	3.3	3.4	5.7	2.3	1.2	1.2	3.8
NB	0.9	3.5	4.6	1.8	1.2	0.7	2.4
QUE	3.5	3.4	5.2	4.3	0.7	0.6	2.8
ONT	4.9	4.8	7.4	5.3	1.7	1.0	3.4
MAN	4.2	4.3	2.7	2.8	1.6	1.5	2.5
SASK	5.5	2.9	1.2	3.2	0.8	1.0	2.0
ALTA	7.5	4.5	1.9	5.6	3.9	2.5	3.3
BC	3.4	1.7	2.8	3.9	0.8	0.9	3.0
CAN	4.3	3.9	5.1	4.4	1.4	1.3	3.2

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2002-2003.

(E) Estimate. (F) Forecast.

## Total Net Migration\* (persons)

	1997	1998	1999	2000	2001 (E)	2002 (F)	2003 (F)
NFLD	-8414	-7751	-2316	-3341	-3000	-2750	-2500
PEI	-232	117	882	403	350	250	400
NS	527	222	3012	990	100	500	2000
NB	-1223	-2257	1068	866	600	400	850
QUE	-1981	1637	5788	3486	2200	1200	1000
ONT	93877	71339	96598	123772	145000	130000	120000
MAN	-4179	-1629	1272	752	100	100	100
SASK	-1473	-952	-4913	-7350	-11000	-9000	-7000
ALTA	40645	45626	20402	30121	36500	32400	29400
BC	44614	11166	24512	17892	29000	33000	38000
CAN**	162161	117518	146305	167591	199850	186100	182250

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2002-2003.

(F) Forecast.

\* Sum of interprovincial migration, international migration, and non-permanent residents.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate of 3 units +
Victoria	2001	1,264	631	0.5	5,520	259,500	A	0.5
	2002(F)	1,160	655	2.7	5,720	264,000	A	1.0
	2003(F)	1,300	700	3.4	5,400	270,000	A	0.7
Vancouver	2001	10,862	3,512	1.8	28,000	370,000	A	1.0
	2002(F)	12,200	3,800	2.0	29,000	374,000	A	1.2
	2003(F)	13,000	4,000	2.2	29,500	375,000	A	1.2
Abbotsford	2001	418	412	na	1,720	204,000	A	2.4
	2002(F)	480	425	na	1,750	204,000	A	2.5
	2003(F)	530	440	na	1,825	206,000	A	2.5
Edmonton	2001	7,855	4,959	1.5	16,079	133,441	A	0.9
	2002(F)	7,300	4,600	2.0	15,250	139,500	A	1.2
	2003(F)	7,400	4,700	2.0	16,000	145,500	A	1.5
Calgary	2001	11,349	7,559	2.1	22,512	182,090	A	1.2
	2002(F)	10,600	7,100	2.5	21,500	189,250	A	1.5
	2003(F)	10,650	7,200	2.5	21,700	196,000	A	1.5
Saskatoon	2001	900	542	2.7	2,987	116,472	A	2.9
	2002(F)	1,000	650	3.0	2,900	121,500	A	3.0
	2003(F)	1,000	625	3.0	3,000	125,000	A	2.5
Regina	2001	626	401	2.4	2,700	97,000	A	2.1
	2002(F)	625	475	3.0	2,700	100,000	A	2.5
	2003(F)	615	450	3.0	2,700	103,000	A	2.5
Winnipeg	2001	1,473	1,238	1.9	10,000	94,000	A	1.4
	2002(F)	1,500	1,225	2.5	10,000	98,500	A	1.2
	2003(F)	1,500	1,200	2.5	10,000	102,000	A	1.2
Thunder Bay	2001	211	163	-1.0	1,343	110,689	A	5.8
	2002(F)	280	170	0.3	1,383	111,796	A	5.0
	2003(F)	250	180	0.3	1,425	114,032	A	4.5
Sudbury	2001	191	191	-1.0	1,935	107,623	A	5.7
	2002(F)	200	190	0.3	1,993	107,085	A	5.0
	2003(F)	240	200	0.3	2,052	107,620	A	4.5
Windsor	2001	2,157	1,605	-0.1	4,600	141,580	A	2.9
	2002(F)	2,085	1,575	2.0	4,650	144,410	A	2.5
	2003(F)	2,050	1,600	3.0	4,725	148,020	A	2.1
London	2001	1,607	1,317	2.4	7,300	136,400	A	1.6
	2002(F)	2,005	1,225	1.5	6,750	135,500	A	1.4
	2003(F)	1,790	1,200	2.0	6,900	137,000	A	1.2
Kitchener	2001	3,537	2,197	3.1	4,725	165,000	A	0.9
	2002(F)	3,250	2,250	2.9	4,650	170,000	A	1.2
	2003(F)	3,325	2,300	3.0	4,650	175,500	A	1.5
St. Catharines-Niagara	2001	1,134	916	2.5	5,345	134,925	A	1.9
	2002(F)	1,125	875	3.0	5,225	134,020	A	2.5
	2003(F)	1,225	900	2.3	5,375	138,750	A	2.3
Hamilton	2001	3,365	1,842	2.1	11,150	174,025	A	1.3
	2002(F)	3,395	1,735	2.5	10,600	175,330	A	1.6
	2003(F)	3,625	1,800	3.0	11,050	181,475	A	1.5
Toronto	2001	41,017	16,844	2.4	67,000	251,000	A	0.9
	2002(F)	39,000	16,000	1.6	63,000	257,000	A	1.0
	2003(F)	40,500	16,500	2.0	62,000	265,000	A	1.1

## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, Structures of 3 units +
Oshawa	2001	2,561	2,038	na	4,675	171,000	A	1.3
	2002(F)	2,315	1,900	na	4,500	176,000	A	1.8
	2003(F)	2,465	2,000	na	4,450	180,000	A	1.5
Kingston	2001	705	527	na	3,205	130,125	A	1.5
	2002(F)	760	570	na	3,395	130,775	A	1.2
	2003(F)	835	600	na	3,685	131,600	A	0.8
Ottawa	2001	6,251	3,502	11.3	12,055	205,000	A	0.8
	2002(F)	5,300	2,550	1.6	11,700	217,500	A	1.3
	2003(F)	4,955	2,100	2.2	11,925	230,100	A	0.9
Hull	2001	1,659	1,093	n.a.	4,200	100,000	A	0.6
	2002(F)	1,450	955	n.a.	3,600	90,000	A	0.8
	2003(F)	1,450	955	n.a.	3,600	90,000	A	1.0
Montréal	2001	13,303	7,152	5.0	21,800	137,000	A	0.6
	2002(F)	10,100	7,000	5.0	19,500	141,000	A	0.6
	2003(F)	10,000	7,000	5.0	20,000	144,000	A	1.0
Trois-Rivières	2001	324	224	n.a.	750	79,500	A	4.7
	2002(F)	400	276	n.a.	750	80,500	A	4.0
	2003(F)	410	290	n.a.	750	81,000	A	4.0
Sherbrooke	2001	589	283	n.a.	1,245	94,300	A	2.3
	2002(F)	590	300	n.a.	1,150	96,600	A	2.0
	2003(F)	610	320	n.a.	1,200	98,000	A	1.9
Québec	2001	2,555	1,581	2.1	6,800	92,000	A	0.8
	2002(F)	2,800	1,732	2.1	7,000	94,300	A	0.6
	2003(F)	2,800	1,732	2.1	7,000	96,000	A	1.2
Chicoutimi-Jonquière	2001	336	228	n.a.	795	86,000	A	4.4
	2002(F)	320	230	n.a.	800	87,500	A	4.6
	2003(F)	350	235	n.a.	800	87,700	A	4.7
Saint John	2001	374	325	0.5	1,375	97,000	A	5.6
	2002(F)	365	305	0.7	1,400	97,500	A	6.5
	2003(F)	335	280	1.0	1,350	98,500	A	4.0
Halifax	2001	2,340	1,296	2.5	6,212	134,106	A	2.8
	2002(F)	2,150	1,200	2.2	6,050	137,500	A	3.4
	2003(F)	2,050	1,175	3.3	5,900	139,000	A	3.0
St. John's	2001	1,029	875	2.0	2,675	105,237	A	2.5
	2002(F)	1,075	850	2.5	2,625	106,500	A	2.0
	2003(F)	1,125	875	2.5	2,650	108,000	A	2.5
Charlottetown	2001	300	250	1.5	470	106,355	A	1.8
	2002(F)	350	230	1.0	450	108,000	A	2.5
	2003(F)	300	240	1.8	460	109,000	A	2.0
ALL METRO AREAS	2001	120,292	63,703	2.6	259,173			1.1
	2002(F)	114,180	61,048	3.0	249,991			1.1
	2003(F)	116,685	61,797	2.5	252,072			1.3

## Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2002-2003.  
n.a.: data not available



# Major Housing Indicators

## Seasonally Adjusted Annual Rates

(levels and quarterly per cent change)

	00:Q1	00:Q2	00:Q3	00:Q4	01:Q1	01:Q2	01:Q3	01:Q4
<b>New housing</b>								
Building permits, units, thousands	153.6	144.9	159.7	150.0	167.1	162.4	160.4	
%	-9.3	-5.6	10.2	-6.1	11.4	-2.8	-1.3	
Housing starts, total, thousands	155.8	142.5	159.9	153.7	160.9	164.5	156.3	171.1
%	-0.4	-8.5	12.2	-3.9	4.7	2.2	-5.0	9.1
Housing starts, singles, thousands	96.8	91.3	92.7	90.4	96.5	92.6	94.1	102.1
%	1.0	-5.7	1.5	-2.5	6.7	-4.0	1.6	9.1
Housing starts, multiples, thousands	59.0	51.2	67.2	63.3	64.4	71.9	62.2	69.1
%	-2.6	-13.2	31.3	-5.8	1.7	11.6	-13.5	10.1
Housing completions, total, thousands	149.2	145.8	148.8	140.5	148.0	150.8	153.9	154.1
%	1.1	-2.3	2.1	-5.6	5.3	1.9	2.0	0.1
New house price index, 1992=100	102.3	102.9	103.5	104.2	104.9	105.8	106.5	
%	0.6	0.6	0.5	0.7	0.7	0.8	0.7	
<b>Existing housing</b>								
MLS resales, units, thousands	338.4	328.1	333.6	333.2	349.7	370.6	378.8	
%	3.6	-3.1	1.7	-0.1	5.0	6.0	2.2	
MLS average resale price, \$C thousands	162.4	162.7	164.3	167.1	166.1	170.0	173.4	
%	1.1	0.2	1.0	1.7	-0.6	2.4	2.0	
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	421.3	426.3	430.0	433.8	438.6	443.6	453.6	
%	1.4	1.2	0.9	0.9	1.1	1.2	2.2	
Mortgage approvals, \$C billions	69.5	72.0	76.5	78.7	84.3	89.5	..	
%	1.1	3.6	6.4	2.8	7.1	6.2	..	
1-year mortgage rate, per cent*	7.63	8.03	7.90	7.83	7.10	6.73	6.03	4.7
5-year mortgage rate, per cent*	8.48	8.52	8.25	8.15	7.58	7.67	7.50	6.8
<b>Residential investment**</b>								
Total, \$1992 billions	45.9	44.7	45.8	46.2	46.8	46.9	47.5	
%	0.4	-2.6	2.4	1.0	1.3	0.3	1.1	
New, \$1992 billions	23.4	22.4	22.8	22.9	23.6	23.5	23.6	
%	-0.6	-4.1	1.5	0.5	3.4	-0.5	0.3	
Alterations, \$1992 billions	15.5	15.5	15.9	16.4	16.0	15.7	16.0	
%	1.3	0.0	3.1	2.6	-2.0	-1.8	1.5	
Transfer costs, \$1992 billions	7.0	6.8	7.1	7.0	7.1	7.6	7.8	
%	1.9	-3.2	3.6	-0.8	1.7	7.1	2.6	
Deflator, 1992=100	106.1	106.3	105.5	106.4	107.9	108.6	109.1	
%	1.9	0.2	-0.8	0.9	1.4	0.7	0.5	

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

.. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

# MHC HOUSING

## OUTLOOK: NATIONAL EDITION

Canada Mortgage and Housing Corporation

### Expect higher housing construction

#### Overview

#### Housing starts:

**2002: 182,200**

**2003: 174,000**

#### Resales:

**2002: 401,400**

**2003: 389,700**

**Housing starts:** Canada's housing construction industry is in an expansion phase. Economic recovery will lift housing starts to their highest level in 12 years. As housing prices rise, so will the popularity of relatively cheaper apartment dwellings.

**House prices:** Resale markets are tight. Rising sales and a low supply of new listings will keep house prices growing above the rate of inflation.

**Resales:** Housing demand, generated by historically low mortgage rates and by a decade and a half of strong immigration, will boost sales through the Multiple Listings Services to new records.

(Details on Page 3)

### Second Quarter, 2002

3	NATIONAL OUTLOOK
4	TRENDS IMPACTING HOUSING
6	FIVE-YEAR HOUSING STARTS OUTLOOK
9	PROVINCIAL REPORTS
9	British Columbia
10	Alberta
11	Saskatchewan
12	Manitoba
13	Ontario
14	Quebec
15	New Brunswick
16	Nova Scotia
17	Prince Edward Island
18	Newfoundland and Labrador
19	FORECAST TABLES

**CMHC Housing Outlook: National Edition** is your national sales, marketing, and business planning tool.

### The Nation's HOT SPOTS

**Quebec:** Rising income, renewed consumer confidence, and low mortgage rates will support home building. (See Page 14)

**Alberta:** Despite short term uncertainty in oil and gas investment, attractive job market conditions are pulling in migrants and lifting demand. (See Page 10)

**Ontario:** High immigration and low mortgage rates will keep the inventory of newly completed and unoccupied dwellings near a record low and boost residential construction. (See Page 13)

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact CMHC at (613) 748-2006 or email us at [Market\\_Analysis\\_Centre@cmhc-schl.gc.ca](mailto:Market_Analysis_Centre@cmhc-schl.gc.ca)





## CMHC — HOMETO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with all levels of government, public, private and not-for-profit partners to improve the quality, accessibility and affordability of rental housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2006, fax: 613 748-4069

To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST

Single issue \$40 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)>

Forecast for this issue completed in June 2002

The CMHC Housing Outlook National Edition is your national sales, marketing and planning tool. Upcoming e-mail PDF format release dates:

Third Quarter — September

Fourth Quarter — November

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2002 Canada Mortgage and Housing Corporation  
All rights reserved.

# National Housing Outlook

## In Detail

### Growing multiple housing starts

Multiple housing starts will jump by 15.9% this year and remain high next year. The bulk of the increases will occur in Quebec, Ontario and British Columbia.

Multiple dwellings gain popularity during periods of strong economic growth when prices of single-detached houses increase. Town homes and condominiums are an affordable substitute for detached homes. More expensive housing markets usually have a larger share of multiple housing starts.

Growing young, renter-aged population is also adding to rental demand. The signing of Affordable Housing Program agreements with many provinces and territories will have a positive impact on rental starts beginning in 2003. This impact will somewhat offset tight vacancy rates.

### Single-detached homes a favorite

Although single-detached homes are the most desired form of housing, relatively higher prices will limit the increase in single starts this year and higher mortgage rates will reduce single starts next year.

Single-detached houses are preferred by baby boomers out to purchase a home for the second or third time.

Baby boomers, who have moved into their 40s, have established careers and built up assets, and can afford to buy this more expensive dwelling type. The strongest gains in single-detached starts this year will be in Saskatchewan, Alberta, and Quebec.

### Record sales through the MLS

Strong employment gains and consumer confidence, and a decade and a half of strong immigration will boost MLS sales to a new record this year. The strongest sales increases will be in Quebec, Ontario and British Columbia.

Higher mortgage rates and house prices will tone down resale activity next year, but the annual total will still be the second best on record.

### House prices will beat inflation

Resale markets are tight. Rising sales and a low supply of new listings will keep prices growing above the general rate of inflation this year and next. Even though mortgage rates will remain low from an historical perspective, existing homes will become less affordable as mortgage rates and house prices rise. The most rapid increase in prices are anticipated in Ontario, Quebec, and Alberta.

## Spotlight: How old is today's home shopper?

The table to the right summarizes age-specific home-purchase intentions in CMHC's latest 2001 "Intentions to Buy or Renovate" survey. It shows that:

- One third of home purchase intenders are in the 25 to 34 year age group.
- Single-detached homes are popular among all age groups. Persons aged 35 to 44 are most likely to be looking for a single-detached home.
- Generally, the older the prospective buyers, the more expensive the homes they wish to buy. However, once they reach retirement age, the price of homes they intend to buy begins to drop.

Age group:	Purchase intenders' age distribution	Intender % that are strong intenders	% looking for a detached home	% looking for home under \$200K
18-24	16	47	64	57
25-34	33	48	66	46
35-44	23	47	73	43
45-54	13	50	69	40
55-64	6	36	64	36
65 +	4	43	50	42
No response	4			
Total or avg.	100 *	47	66	45

\* categories do not add up to 100% due to rounding



# Trends Impacting Housing

---

## The Economy

The worst of the economic downturn in 2001 is over. Already, economic growth, as measured by the Gross domestic product (GDP), jumped at an annualized rate of six per cent in the first quarter of 2002 relative to the fourth quarter of 2001. It was driven mainly by a hike in housing investment, a rise in consumer spending, a slowdown in inventory depletion, and a rebound in exports to the U.S. Only business investment in plant and equipment edged down.

The economy-wide inventory-to-sales ratio at an all-time low, combined with leading economic indicators pointing up, suggest solid growth ahead. As a result, GDP growth will reach 3.5 per cent this year. As under-utilized industrial capacity is gradually brought back into production, corporate profits and business investment will improve and help push GDP growth up to 4.1 per cent in 2003.

## Mortgage Rates

The Bank of Canada already raised its target for the overnight rate by one-quarter of one percentage point three times this year, to 2.75 per cent. These moves by the Bank represent a pull back of monetary stimulus in the economy. As the economy strengthens and moves back toward full production capacity, the Bank is expected to further raise its key overnight rate, particularly in 2003, to keep inflation at its two per cent target.

Mortgage rates will follow suit and move higher. The outlook for short term mortgage rates in 2002 remains favourable, with the one-year mortgage rate in the 4.50 to 6.75 per cent range. The five year rate will be in the 6.75 to 8.25 per cent range. Both short term and long term mortgage rates are expected to increase further and at a faster pace in 2003.

Mortgage rates will remain low and support demand for housing this year. However, the rising trend will help cool down housing demand as the year progresses. The higher mortgage rates will slow housing demand more next year.

## Employment

Increased job creation influences housing markets in that it allows a greater number of persons to build, over time, the financial ability to form their own households and to rent or buy their own accommodation. The time delay between the creation of a new job and the creation of a new household can be significant, depending on such factors as the level of income related to the new job and the costs associated with renting or owning a home.

As such, the low level of job creation last year will have restrained the number new households created. However, surprisingly strong job creation from January to May of 2002, the largest five-month gain since 1994, will have an opposite effect and allow the formation of new household and support demand for housing in 2002 and 2003.

Despite the recent strength in employment growth, there is still a need for skilled labour. Therefore, this need will help drive employment growth in the near future.

## Consumer Confidence



















Increased job creation also influences housing markets by sustaining consumer confidence at a high level. The surprising strength in job creation and the historically low mortgage rates early this year have propelled the belief that it is a good time to buy big-ticket items such as homes and cars. In fact, the Conference Board of Canada's Consumer Attitudes survey indicated in April that a record percentage of respondents responded yes to the question "Do you think that right now is a good or bad time for the average person to make a major outlay for items such as a home, car or other major item?" This consumer confidence factor is the main reason for the upward revision to our housing forecast.

## Migration

Total net migration (immigration minus emigration plus the flow of non-permanent residents) has been high since 1987, averaging about 180,000 persons per year. The total for 2002 will be close to this average but below the recent 2001 peak of 188,672 persons. The decline will be due to lower immigration. Preliminary data indicate that the number of persons acquiring immigrant status has dropped since September 11.

# Trends at a Glance

## Key factors and their effects on residential construction

Factor	Comment	Impact	
		2002	2003
Mortgage rates	Mortgage rates will edge up but still remain low this year. Rates will rise faster next year and pull back housing demand.		
Employment	Lacklustre job creation in 2001 will limit upside potential this year. Stronger job creation in 2002 will support demand in 2003.		
Incomes	Incomes will benefit from job growth, wage gains and tax cuts.		
Net migration	Large migration inflows since 1985 support housing demand.		
Natural population increase	Natural population increase (births minus deaths) continues but at a progressively slower rate. This secular trend is leading to the formation of progressively fewer households.		
Consumer confidence	Robust consumer confidence, in line with job prospects, will support housing demand.		
Resale market	Resale markets are tight. Housing demand will increasingly be met with new construction.		
Inventories of new and unoccupied units	Low inventories of newly constructed and unoccupied dwellings signal need for new construction.		
Vacancy rates	Low vacancy rates trigger multiple starts.		

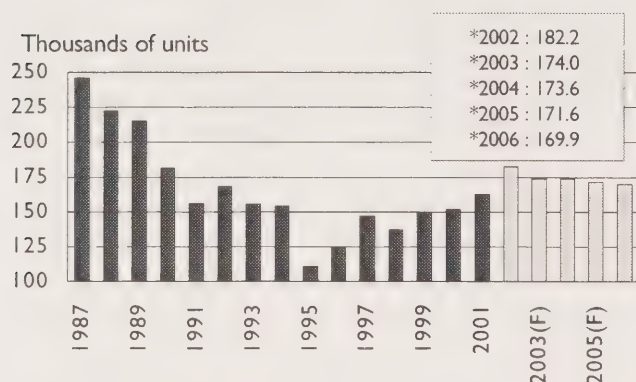


# Special Report: Five-year Outlook

**From now through 2006, residential construction will benefit from favourable economic and housing market conditions.**

Total housing starts is set to reach a 12-year high in 2002. The number of starts will then follow a downward trend from 2002 to 2006 but remain at relatively high levels. Our forecast is based on continued economic growth in North America and a high level of net international migration to Canada.

**Total Housing Starts, Canada**



Source: CMHC. (F) Forecast.

GDP growth in Canada is expected to peak in 2003 as the economy reaches full production capacity. GDP growth will moderate in subsequent years, remaining just above three per cent, as the economy matches its long term growth potential.

The sustained economic growth will be accompanied by strong job growth. The unemployment rate will trend lower while the labour force participation rate will trend higher. This will allow for continued growth in household formation and housing demand in Canada.

Improved economic and job market conditions will also attract more immigrants to Canada over the next several years. Ontario and, to a lesser extent, British Columbia, Quebec, and Alberta, the main destinations of international migrants, will benefit from this stimulus to their housing markets. Net international migration levels should hover between 170,000 and 185,000 persons through 2006, trending upward over the forecast period.

## Confidence, employment, and disposable income on the rise

Disposable income growth will also support demand for housing. The tightening labour market and improved economic productivity will lead an acceleration in wage gains. At the same time, tax relief will remain in the cards as federal and provincial government finances remain healthy and budget surpluses are maintained. The resulting gains in disposable income will buoy consumer confidence. The combination of income gains and high consumer confidence will lead to strong housing demand.

The numerous factors lifting demand for housing will be offset by strong gains in house prices and higher interest rates. The strength in house price appreciation will depend to some extent on interest rates. Mortgage rates will ratchet higher as strong economic growth, tighter labour market conditions, and higher energy prices raise concerns of higher inflation.

Housing demand will be met, in part, by increased construction of new housing units rather than a drawdown in unoccupied inventories. Given the building industry's prudence in the last few years, new and unoccupied housing inventories are at record lows and the national rental housing vacancy rate stood at just 1.1 per cent in 2001.

In summary, all the important influences in the residential construction sector are favourable over the next five years, with the possible exception of mortgage rates.

**Total Net Migration, Canada**



Source: Statistics Canada. (F) Forecast by CMHC.

## Regional details

The strength in residential construction will not be felt to the same degree in all provinces over the next five years. The growth expected this year will be mainly attributable to Ontario, Quebec, and Alberta, which will be the most improved labour markets. In subsequent years, British Columbia will take the lead as its economy recovers more strongly.

### Newfoundland and Labrador

Despite rapid economic growth owing to the development of the oil and gas industry, particularly next year, labour market conditions will remain difficult and a good number of Newfoundland residents will leave the province. As a result, the number of housing starts will peak in 2003 and then gradually decline.

### Prince Edward Island

An influx of retirees from other provinces will help support demand for housing on the Island. However, relatively weak prospects for job growth will limit the number of housing starts to no more than 675 units.

### Nova Scotia

Residential construction will slow down in Nova Scotia through 2003 but rebound in 2004 and subsequent years in line with increased migration associated with the development of major energy projects.

### New Brunswick

Moderate prospects for economic growth, especially in the resource industries, will limit housing starts in New Brunswick through 2004. Moderate gains in home building are expected in 2005 and 2006, in line with improved economic prospects.

### Quebec

The Quebec economy will remain vigorous over the next few years, thanks to the vitality of the export sector and the strength of consumer demand. Housing starts will rise in 2002 and remain above the 30,000 mark in subsequent years.

### Ontario

With its great appeal to immigrants and strengthening economy, Ontario will post a major increase in housing starts in 2002. The volume of starts will drop in 2003 and 2004 because of higher mortgage rates, but remain high compared to the levels registered during the 1990s.

### Manitoba

Manitoba's relatively weaker job growth and slightly negative, but stable, net migration level will mean a very gradual decline in the number of housing starts over the five-year forecast period.

## Total Housing Starts, Canada and the Provinces

	2000	2001	2002(F)	2003(F)	2004(F)	2005(F)	2006(F)
Newfoundland	1,459	1,788	1,750	1,825	1,800	1,800	1,800
Prince Edward Island	710	675	670	640	600	600	675
Nova Scotia	4,432	4,092	3,950	3,750	4,150	4,500	4,350
New Brunswick	3,079	3,462	3,350	3,300	3,300	3,350	3,450
Quebec	24,695	27,682	36,600	33,000	32,000	31,500	31,000
Ontario	71,521	73,282	79,600	74,800	72,000	70,000	68,000
Manitoba	2,560	2,963	2,850	2,750	2,800	2,750	2,700
Saskatchewan	2,513	2,381	2,500	2,550	2,675	2,750	2,800
Alberta	26,266	29,174	32,100	30,350	29,250	28,800	29,100
British Columbia	14,418	17,234	18,800	21,000	25,000	25,500	26,000
Canada	151,653	162,733*	182,200*	174,000*	173,600*	171,600*	169,900

Source: CMHC. (F) Forecast. \* Total does not add due to rounding.



## Saskatchewan

Saskatchewan's economy will continue to create jobs over the next several years, although at a slower pace than the Canadian average. This will help to reduce the number of persons leaving the province. As a result, housing starts will stay in a moderate range of 2,500 to 2,800 units over the next five years.

## Alberta

With the oil and gas sector driving economic growth of three to four per cent through 2006, Alberta will continue to attract a large contingent of interprovincial and international migrants. Its very competitive taxation and tight labour market will also favour economic growth and household formation, supporting strong housing starts close to the 30,000 mark.

## British Columbia

The economic recovery will be slow to materialize in British Columbia. By 2003, conditions will improve in the resource sector and in the Asia-Pacific zone. Interprovincial migration will turn positive by 2004 and help lift demand for housing. Total starts will follow an upward trend but will remain below the levels observed in the early 1990s.

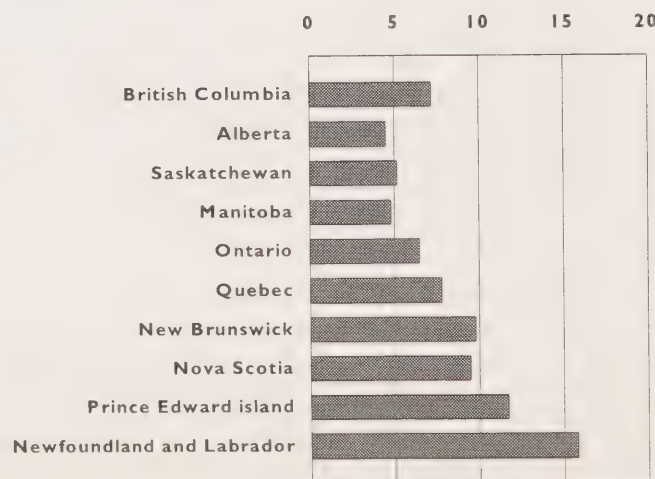
## Forecast Risks

Risks to our five-year forecast are as much on the upside as on the downside:

- **Higher than expected international migration.** Higher immigration levels, to alleviate tight labour market pressure, would drive up housing starts, especially in the four bigger provinces.
- **Marked increase in interest rates.** Our current scenario calls for an increase in mortgage interest rates. However, if the U.S. and Canadian economies recover more quickly and vigorously than anticipated, interest rates could move even higher to ward off any signs of inflation. An additional increase of 150 or 200 basis points in mortgage rates, above our current scenario, would undoubtedly dampen housing demand in Canada.
- **Sustained loss of investor confidence.** In addition to the continued potential for terrorist attacks, the recent wave of revelations on accounting fraud, insider trading, and other deceptions has shaken investor confidence. This has precipitated a flow of capital away from equities and toward fixed income securities. The result may be double edged. On the one hand, interest rates may remain lower than anticipated and sustain housing demand in the short term. On the other hand, the increased cost of funding through equities may delay business investment and slow the pace of job creation and household formation in the long term.

## Relative labour market conditions influence provincial prospects

**Average Unemployment Rate**  
2002-2006



Source: CMHC.

- Prospects for housing starts vary significantly from one province to another for a wide variety of reasons. One important factor is the relative condition of the labour market, in particular the relative rates of unemployment. Typically, provinces with lower unemployment rates tend to attract workers from provinces with higher unemployment rates. The shift in population shifts demand for housing.
- Projected unemployment rates will therefore favour Ontario and the Western provinces over the next five years, although other factors may also come into play.

# British Columbia

## Overview

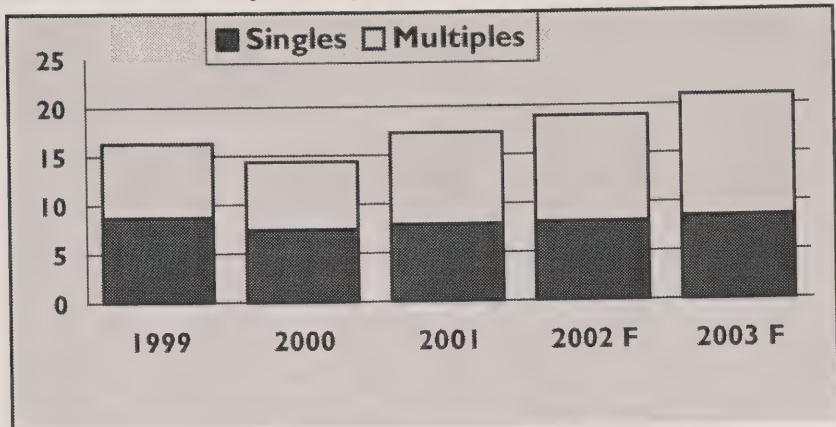
### Housing sector will lead the province's economy in growth

Economic growth in British Columbia is expected to improve in 2002. Gains will be seen in exports, consumer spending, and residential investment.

A number of B.C. exporters will benefit as the U.S. economy rebuilds momentum and several commodity prices rise such as oil, gas, metals, and minerals. However, U.S. duties of 27.2 per cent against Canadian softwood lumber exports will hold back profitability among coastal B.C. softwood lumber exporters and limit the pace of overall economic recovery.

The consumer will in fact carry the province's economic recovery, buoyed by low interest rates and stronger confidence.

## B.C. Starts (000's)



Already, retail sales have grown at a very healthy rate, while housing sales in urban areas rose at a fast pace so far this year.

Increased demand for housing will be accompanied by more prominent move-up buying as sellers in urban areas gain from improving prices and equity buildup. Rising sales and house prices will also prompt builders to step up housing construction after a few years of historically low activity. Much of this growth will be centred in the **Greater Vancouver Area** where newly completed and unoccupied dwelling inventories remain low.

## In Detail

**Single Starts:** Single starts are expected to rise by 3 per cent in 2002. Builders will respond to increases in demand for housing which cannot be met in the tight existing home market. Single starts will see only moderate gains at best in rural regions but much larger gains in the economically stronger urban areas such as the **Greater Vancouver Area, Victoria, and Kelowna.**

**Multiple Starts:** Renewed demand and a low inventory of newly completed and unoccupied inventory of apartment condominiums is expected to support a 14.2 per cent gain in multiple starts in 2002. Much of this increase will be limited to the **Greater Vancouver Area.** The rental segment will benefit from government assistance to affordable rental projects.

**Resales:** Low mortgage rates have pushed resales to record levels in most urban markets early this year. Higher house prices are expected to bring more property listings

on the existing home market and support strong resale activity.

**Prices:** The resale market has been very tight with the ratio of sales to new listings approaching nearly 100% in **Vancouver** and **Victoria** earlier this year. This has driven average prices higher in those two centres. Since such market conditions are expected to prevail for many months to come, the provincial average MLS price will increase by 3.7 per cent in 2002.

## Provincial Highlight

**Recent 2001 Census figures show that over two-thirds of B.C.'s population is situated in the Lower Mainland and southern Vancouver Island. The province's two most urbanized areas had just over 2.7 million people in 2001, up 7.3% from 1996.**

**The only B.C. region with a population over 5,000 to be noted as one of the 25 fastest growing municipalities in Canada was Whistler. Between 1996 and 2001, its population grew 24 per cent to 8,896. However, this growth rate is down from the 1991 to 1996 period, when Whistler's population grew by 61 per cent and was noted as Canada's fastest growing municipality overall.**



# Alberta

## Overview

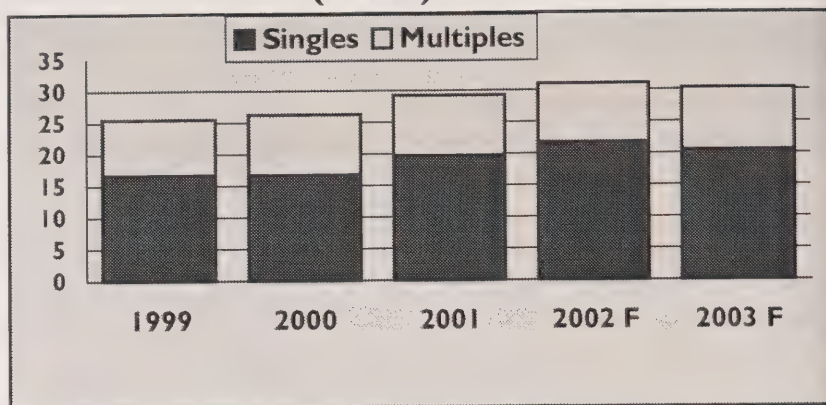
### Economic conditions support gains in housing construction this year

Although Alberta's economic growth rate will again lead growth rates of many other provinces in 2002, it will be among the province's weakest in three years for two main reasons. First, weaker energy prices will limit exploration, drilling expenditures, and overall capital investment in the oil and gas sector. Second, provincial government spending will be reduced by \$1.3 billion.

The province's economy is expected to rebound strongly in 2003 despite further reductions in provincial public spending. Price gains for oil and gas, combined with an increase in world demand, will result in a resurgence of natural gas and non-conventional oil-related investment.

The expected rebound in economic growth from 2002 to 2003 will be partly reflected

## Alberta Starts (000's)



in job growth accelerating from 1.7 per cent in 2002 to 1.9 per cent in 2003. However, as labour force growth is expected to expand at similar rates, Alberta's labour market will remain the tightest in the country.

Given its favourable job market conditions, Alberta will remain a top destination for migrants seeking employment. Most recent trends point to continued high migration inflows from other countries and other provinces in 2002. Interprovincial migration to Alberta will remain strong, but will moderate as job growth improves in most other provinces through 2003.

## In Detail

**Single Starts:** Single-detached starts surged in the early months of 2002 as builders responded to a backlog of orders and a shortage of inventory. Activity will moderate as the year progresses, however, with slower job growth. Weaker job creation this year will cause single starts to pull back in 2003, with higher mortgage rates and lower in-migration also curtailing activity.

**Multiple Starts:** Multiples will rise above the 10,000 mark in 2002 for the first time since 1982. Tight rental markets, higher rents, and strong demand for affordable condominium units will support building activity. Multiple starts will decline marginally in 2003 as demand softens. The rental segment will benefit from government assistance to affordable rental projects.

**Resales:** While the pace of activity has remained strong in the first quarter, residential sales will pull back this year from the record pace set in 2001. A shortage of active listings and accelerating prices,

combined with higher mortgage rates, will weaken affordability and demand as the year progresses. Further hikes to mortgage rates in 2003 will avert an upturn through the forecast period.

**Prices:** Price gains in 2002 will be the strongest since 1998 due to a combination of low resale inventories and strong, albeit moderating, demand. **Edmonton** and **Calgary**, both strong sellers' markets, will bolster the provincial average price by six per cent. Price gains will slow in 2003 as inventories improve relative to sales.

## Provincial Highlight

**Statistics Canada's 2001 Census indicates that Alberta led all other provinces in population growth from 1996 to 2001. Alberta recorded a 10.3 per cent population jump over the five-year period, eclipsing the next best population growth rate of 6.1 per cent in Ontario.**

**Grande Prairie and Wood Buffalo led all of Alberta's urban centres in population growth, each posting gains of 18 per cent. Calgary and Edmonton, meanwhile, saw their population grow by 16 and nine per cent, respectively, over the five-year period.**

# Saskatchewan

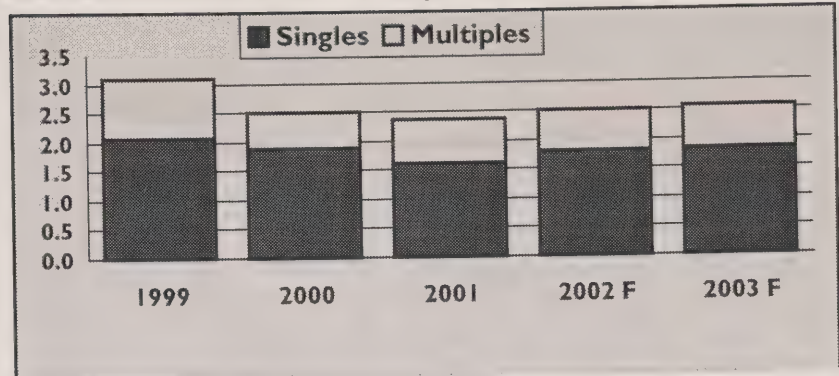
## Overview

### Modest gains in residential construction expected

Economic contraction and job losses have caused Saskatchewan residential construction to dip in 2000 and 2001. Prospects, however, are brighter for this year and next.

Although it will be slow to materialize, there will be an economic recovery. Economic growth will reach about one per cent in 2002 and is expected to pick up steam to about two per cent in 2003. This year, a return of normal weather patterns and continued diversification into specialty crops will lead to a recovery in agriculture production. Meanwhile, the expected improvement of the U.S. economy will enable exporters to increase sales of their products to that country. Next year, a firming up of oil and gas prices will lead to

## Saskatchewan Starts (000's)



an increase in investment levels in the oil and gas sector.

Despite the economic recovery, Saskatchewan will continue to trail Alberta in terms of job growth and average weekly earnings. As a result, the province is expected to continue to lose workers to Alberta, albeit at a lower pace than previous years.

The economic recovery expected for this year and next year will help nudge housing starts up. Total housing starts will rise to 2,500 units in 2002 and 2,550 units in 2003. Migration to other provinces, however, will keep total starts below the recent peak in 1999 when more than 3,000 units were recorded.

## In Detail

**Single Starts:** Saskatchewan single-detached housing starts will increase in 2002 and again in 2003. Moderately improved economic conditions and a scarcity of good quality resale housing will drive the rebound in this segment of the market.

**Multiple Starts:** The average number of multiple starts over the next two years will be close to the average number over the last two years. Condominium and life-lease projects will prove to be popular as developers target a ready market from empty-nesters and seniors seeking alternatives to their present single-detached home. Lower priced row housing will find success among single persons and young couples looking for a lower-priced starter home. The rental segment will benefit from government assistance to affordable rental projects.

**Resales:** Saskatchewan's resale market has been buoyed by the low mortgage rates, particularly late in 2001 and early 2002. The

rising trend in mortgage rates will tone down resale activity in 2002 and 2003. Another factor limiting sales will be the scarcity of quality homes suitable for first-time buyers.

**Prices:** The high level of sales relative to the number of new listings will maintain the upward momentum in house prices. This rise in resale prices, and limited choice of existing housing at any price, will create opportunities for home builders.

## Provincial Highlight

The recent Census shows a 1.1% decline in Saskatchewan's population over the 1996 to 2001 period, from 990,237 to 978,933 persons respectively, due in part to a consistent flow of persons leaving the province.

In shaping the province's housing markets, however, the trend in population takes a back seat to the trend in the number of households. Indeed, even if population declined, the number of households upcoming from the Census may have increased due to a drop in the size of households.

In addition to the potential increase in the number of households, other factors such as intra-provincial migration and favourable economic factors supported demand for housing in the province.



# Manitoba

## Overview

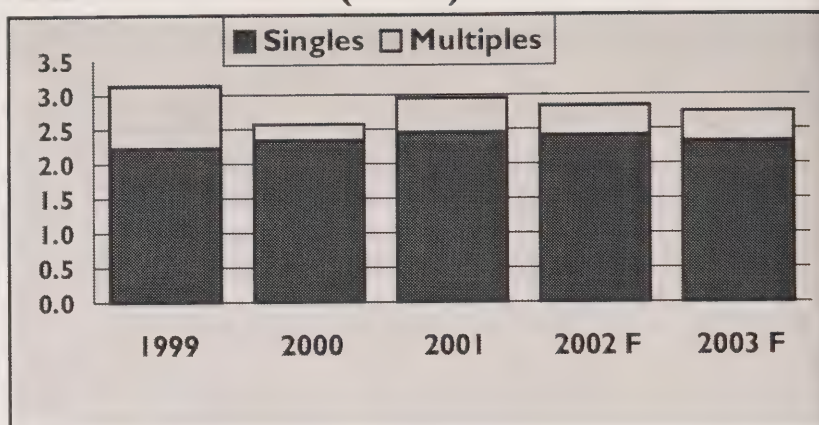
### Modest economic growth expected

With the recovery in the U.S., economic growth in Manitoba will strengthen to 1.8 and 2.8 per cent in 2002 and 2003 respectively. It is unlikely, however, that economic growth will lead to substantial job gains. Total employment will grow at an annual rate of 0.6 per cent this year and 1.0 per cent next year.

From 1995 to 2001, the number of jobs in Manitoba rose at an average annual rate of about 1.2 per cent, more than double the growth rate in the working age population. As a result, a shortage of skilled workers has emerged across the province. At close to five per cent, Manitoba's unemployment rate is among the lowest in the country, second only to Alberta.

Despite Manitoba's tight labour market,

## Manitoba Starts (000's)



migration out of the province will continue to outpace migration into the province. Surveys by business associations, help-wanted ads, and articles in the popular press indicate that employers are currently unable to fill a substantial number of posted job vacancies. This situation is unlikely to improve, as Alberta with its higher average weekly earnings will continue to draw workers away from Manitoba over the next two years.

A shortage of workers means that working Manitobans can look forward to job security. This should translate into solid consumer confidence and help maintain spending in areas such as housing.

## In Detail

**Single Starts:** Moderate employment growth combined with limited choice on the resale market will maintain a solid pace of single-detached home building in Manitoba. Look for single starts to reach 2,400 units in 2002, before easing slightly in 2003 as mortgage rate increases soften demand.

**Multiple Starts:** Despite an overall decline province-wide, expect multiple starts to increase in urban areas thanks to a rise in life-lease apartment construction in response to demand from Manitoba's ageing population. Life-leases have become a popular choice for older Manitobans due to the gap in the equity requirements between a typical new life-lease unit and the cost of a new condo.

**Resales:** Resale markets will continue to be characterized by strong demand, despite historically low levels of listings. Favourable mortgage rates combined with a rise in

disposable income will stimulate record levels of sales. MLS sales in Manitoba are expected to peak at 11,600 units in 2002, before easing to 11,200 in 2003 in conjunction with a rise in mortgage rates.

**Prices:** Strong demand and limited supply of listings will put upward pressure on house prices over the next two years. However, average price gains will be limited by an increase in first-time home buyers dodging tight rental market conditions.

## Provincial Highlight

**Although Winnipeg will provide most of the job creation in the province, there will be job gains elsewhere which will help support housing demand.**

**Manitoba's growing agri-food industry, for example, will provide opportunities. Construction of the J.R. Simplot potato-processing plant in Portage La Prairie is scheduled to begin in June 2002, while production start is expected in the spring of 2003. Two other major hog-processing projects planned for rural Manitoba will also contribute to job gains and housing demand.**

# Ontario

## Overview

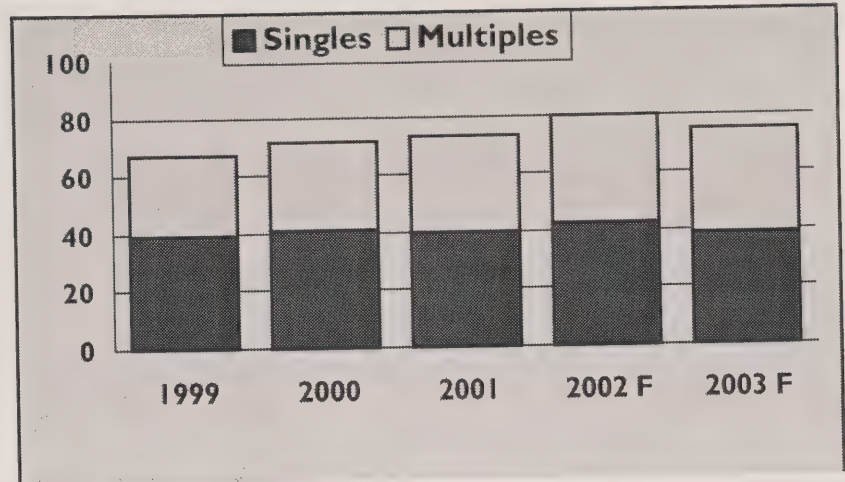
### Home construction surges

Strong momentum early in the year will help bring total housing starts to a 13-year high in 2002. In the first several months of this year, low mortgage rates and a warmer than usual winter kept home buyers out in force. House sales and prices moved up. Builders kept building through traditionally slow winter months. Housing starts in the first quarter were up by a fifth over those in the same period last year.

Population growth, the age structure of the population, and economic growth will also colour the housing outlook into 2003.

Ontario's population will grow faster than the Canadian average with migration from other countries and other provinces far exceeding natural population growth (births minus deaths). Immigrants will continue to choose Ontario for its established ethnic and social networks. Immigrants tend to put pressure on rental demand, and take several years to become established before purchasing a home.

## Ontario Starts (000's)



The province's aging population will also influence the housing outlook. Although the population in older age groups will be growing fast, a large proportion of this older-aged population already own homes. This explains why housing starts targeted for the homeowner or condominium markets will approach, but not attain, the previous peak of the late 1980s boom. The population in younger age groups, which will also be growing but at a relatively more moderate pace, will help lift rental demand.

Economic growth due to low interest rates and a recovering U.S. economy will kick in this year. Job creation will add to demand for new and existing homes.

## In Detail

**Single Starts:** Low mortgage rates and the tight resale market will boost starts of this most popular and expensive housing type in 2002. Single-detached housing starts will edge lower in 2003 as interest rates move significantly higher.

**Multiple Starts:** Strong demand from first-time buyers and low inventories of newly completed and unoccupied units will cause multiple starts to jump this year. The condominium and homeowner segments will remain particularly strong. Rental starts will account for the bulk of the increase in multiple starts, but will be low by historical standards. The rental segment will benefit from government assistance to affordable rental projects.

**Resales:** Momentum early in the year, due to the mild winter and low mortgage rates, will carry resales to a new record in 2002. MLS sales will decline in 2003 as interest rates and house prices pick up.

**Prices:** House prices will rise over the forecast period. The large number of sales relative to the number of new listings will keep upward pressure on house prices, particularly this year.

## Provincial Highlight

**CMHC's 2001 Toronto Intentions to Buy and Renovate Survey shows that three out of four intenders are potential first-time home buyers. Almost two thirds of these potential first-time buyers are considering a pre-owned house, which is usually more affordable than a new house.**

**Since first-time buyers tend to have smaller incomes and proportionately larger mortgages, they are more sensitive to house prices and mortgage rates than repeat buyers. Despite rising house prices, currently low interest rates ensure a favourable environment for first-time buyers.**



# Quebec

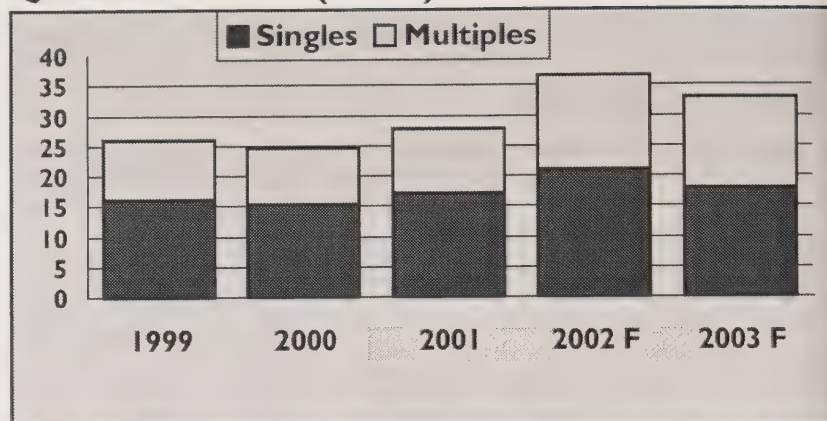
## Overview

### Economy recovers with housing leading the way

The Quebec economy is benefiting from continued strength in residential construction and consumer spending. While the rebound in the U.S. economy will also help the province's recovery in 2002, more solid economic growth will take place in 2003 when capital investment will pick up in such sectors as high technology and air transportation. As a result, economic growth is expected to be 3.7 per cent in 2002 and by 4.0 per cent in 2003.

The improved economic growth will mean job creation will remain positive for the next few years. This, in turn, will help support

## Quebec Starts (000's)



housing demand for new and existing homes over the forecast period. A combination of several other factors will also help residential construction. Renewed consumer confidence, an insufficient supply of resale homes, along with tight rental markets, will support the new home segment. Total housing starts will reach 36,600 units in 2002 and 33,000 units in 2003.

## In Detail

**Single Starts:** The above-mentioned factors will contribute to buoying up single-detached home building. Single starts should reach 21,100 units in 2002 and 17,850 in 2003.

**Multiple Starts:** The low vacancy rates observed in Quebec (less than one per cent in the three major metropolitan areas of **Montréal, Québec** and **Gatineau**), along with a steady demand for retirement homes, will be the main reasons for multiple starts this year and next year. The rental segment will benefit from government assistance to affordable rental projects.

**Resales:** The low mortgage rates will lift resales again in 2002, but percentage gains will be more moderate in line with slower employment growth and more limited choice of property listings on the existing home market. Higher mortgage rates will trim the number of resales next year.

**Prices:** The resale market will remain favourable to sellers as demand for existing homes will be high relative to the supply of active listings. Such conditions will lead to average house price gains of about 7.0 per cent in 2002 and 4.4 per cent in 2003.

## Provincial Highlight

During the summer of 2001, CMHC conducted a study in the Montréal and Québec areas aimed at gaining more knowledge about the housing conditions and preferences of the 45 to 64 year age group, the baby boomers.

According to the results of the study, nearly half of the homeowners in the 45 to 64 year age group are free of mortgages, highlighting the significant financial capacity of a majority of them. The study also revealed that most renters in this same age group are tenants by choice, benefiting from their rental tenure by having fewer house-related responsibilities and paying less on accommodation than if they were homeowners.

The vast majority of households would prefer to stay in their current living environment in the next five to ten years. Reasons for staying put are mainly attributable to personal situations and preferences such as comfort, living conditions, etc.

Those households who would prefer to move cited two main reasons: retirement and getting closer to nature and tranquillity.

# New Brunswick

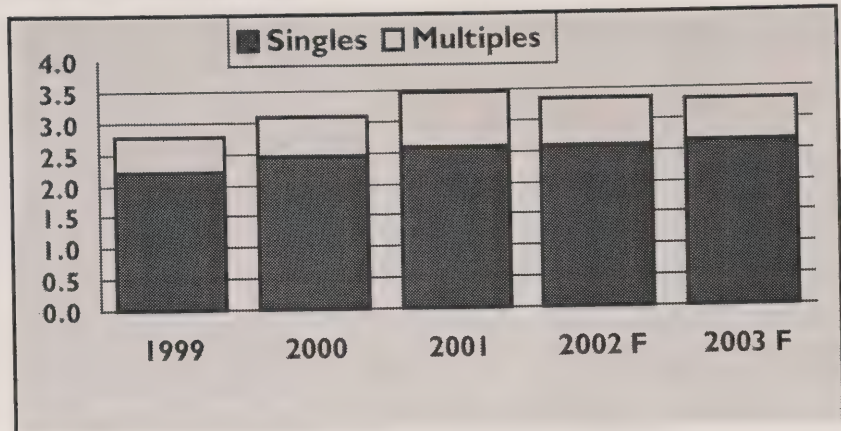
## Overview

### Capital investment decline dampens housing market prospects

The province's economy will experience a transition period in 2002 and 2003. The development of a natural gas pipeline from the Sable Island project to all regions of New Brunswick is winding down. The Irving Oil refinery upgrade as well as the Moncton-Fredericton highway were completed in 2001. The Coleson Cove power plant conversion and the expansion of the Irving liquid natural gas plant will only begin towards the end of 2003.

This decline in capital investment, combined with softer U.S. export demand for forest products in particular, will slow economic growth to 1.2 per cent in 2002. A return in investment spending and a stronger U.S. economy will set the stage for an economic rebound of 3.2 per cent in 2003.

## New Brunswick Starts (000's)



Labour market conditions will reflect economic growth over the forecast period. The unemployment rate is expected to rise slightly as the labour force will expand at a faster pace than employment this year. Job growth will accelerate to two per cent next year, causing the unemployment rate to drop back under 12 per cent.

Moderate economic and job growth will mean demand for housing will taper off. However, high intra-provincial migration will keep demand at relatively strong levels. Total starts are expected to reach 3,350 and 3,300 units in 2002 and 2003 respectively.

## In Detail

**Single Starts:** The scarcity of existing homes available for sale in the three larger urban centres will support strong levels of urban single starts. The construction of single-detached homes in rural areas will also remain strong. A large number of people will continue to move closer to relatives and services in larger urban centres. However, many of them will choose locations outside city limits. Our current forecast indicates 2,590 and 2,660 single starts in 2002 and 2003 respectively.

**Multiple Starts:** Near record low vacancy rates in Fredericton boosted 2001 multiple starts to the highest level in well over two decades. The construction of multiple dwellings in the Capital region will remain strong by historical terms but is expected to decline. As a result, expect 760 and 640 multiple units to be started in 2002 and 2003 respectively.

**Resales:** Strong levels of sales in 2001 have absorbed a significant portion of the

inventory of active listings on the market. As a result, Realtors will have to wait until 2003 before seeing a significant rise in MLS sales.

**Prices:** The lack of existing homes combined with strong demand will cause upward pressure on prices. The average sale price will rise to \$99,000 and \$102,000 in 2002 and 2003 respectively.

## Provincial Highlight

**After 25 years of growth, the province's population dwindled marginally to 729,498, according to the 2001 census. This represents a 1.2 per cent decline since the province's population peaked at 738,133 following the 1996 census. Moncton and Fredericton are the province's only growing cities, while Saint John, Bathurst, Campbellton, Edmundston and Miramichi all have fewer residents in 2001 than in 1996.**

**New Brunswick's rate of natural population growth (births minus deaths) fell in the five-year period ending in 2001. Meanwhile, there has been high levels of migration out of the province, especially in the 15-24 year age group. The drop in population slowed the economy and residential construction in particular.**



# Nova Scotia

## Overview

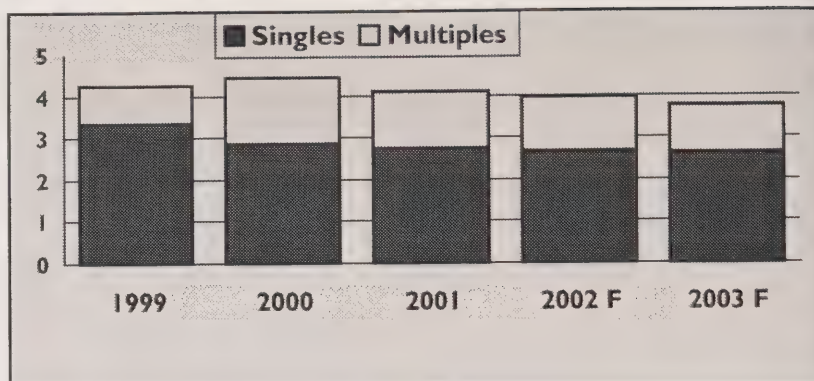
### Broad but shallow contraction in housing activity expected

In keeping with history, Nova Scotia is expected to trail the U.S., Canada, and Ontario out of the latest economic downturn. As a result, provincial economic growth and job gains will remain relatively weak this year but rebound next year.

This broad expansion in 2003 will be complemented by a resurgence in offshore energy development as the construction phases of Tier II of Sable Gas and the Pan Canadian Deep Panuke project get under way. These will be accompanied by an expansion of the Maritimes and Northeast Pipeline, but only later in 2004 and 2005.

While the economy, employment and migration are set to improve significantly next year, the spike in these indicators that

## Nova Scotia Starts (000's)



was posted in 1999 with Tier I of Sable Gas is not expected to re-occur at the same magnitude.

Rising interest rates, in tandem with weaker personal disposable income growth, are also expected to limit retail sales growth and housing market activity through 2003. This will relieve the service and construction sectors from their admirable duty of supporting an otherwise very weak provincial economy over the past 18 months. As a result, despite an improving economy, a broad but shallow contraction in home building and sales is forecast for Nova Scotia over the next two years.

## In Detail

**Single Starts:** Single-detached housing starts are forecast to decrease slightly this year and next. Although several markets are facing a shortage of existing homes for sale, rising construction costs will drive up prices and limit demand. Single starts will see declines of about three per cent this year and two per cent next year.

**Multiple Starts:** Although most rental markets in Nova Scotia experienced vacancy rate declines in 2001, this is not expected to translate into increased rental construction in 2002. Low mortgage rates are luring many tenants into home ownership, easing the downward pressure on vacancy rates and limiting builders' appetites for new rental development. However, rising first-time buyer demand is creating opportunities for more multiple condominium starts.

**Resales:** After a record setting year of 9,268 MLS sales in 2001, existing home sales are forecast to slip back below 9000 this year and next year. Mortgage rates are expected

to rise as this year progresses, bringing forward into the first half of 2002 a large share of demand that would otherwise have manifested itself more equally over 2002-2003.

**Prices:** Prices are expected to grow but at a slower pace over the next two years. A larger share of first-time buyers as well as falling demand later this year and into 2003, will result in average price growth below three per cent in 2002 and 2003.

## Provincial Highlight

**Recently released population figures from the 2001 Census reveals some interesting trends over the past five years. The population of Nova Scotia remains virtually unchanged, at approximately 909,000. The combination of natural increase (births minus deaths) and migration from other countries almost offset migration to other provinces.**

**Metro Halifax and adjacent East Hants grew by almost five per cent, while most other areas experienced population declines - particularly Guysborough County (-10.0 per cent), Cape Breton County (-7.2 per cent), and Victoria County (-6.1 per cent).**

# P.E.I.

## Overview

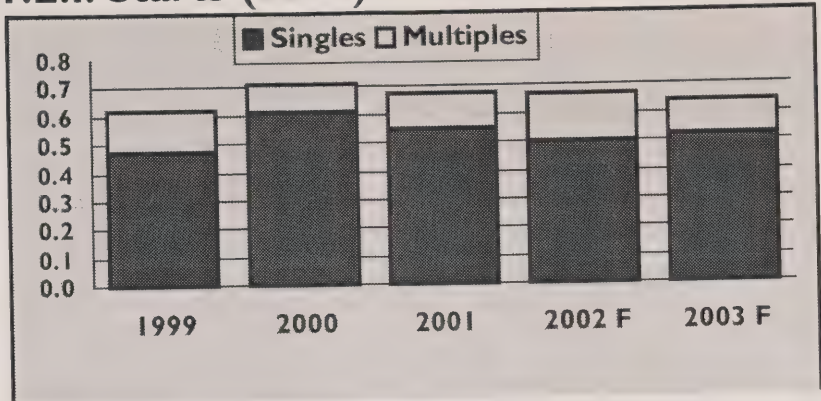
### A recovering economy will buoy residential construction

In 2001, the Island's economy had a number of setbacks such as drought-like conditions for potato farmers, a decrease in fish quotas, and a weaker North American economy.

In 2002 and 2003, the Island will benefit from a more robust North American economy. Product exports to other provinces and the U.S. will recover. The tourism industry will see an increase in receipts, and P.E.I. residents will increase spending and drive retail sales.

Investment spending will also support economic growth. Many Islanders are working on various non-residential projects that were started in 2001. The two major projects, the East Prince Health Facility and the Atlantic Technology Centre, will carry through until 2003.

## P.E.I. Starts (000's)



The rebounding Canadian and U.S. economies, combined with the non-residential investment projects, will lift the Island's economic growth rate to 2.5 per cent in 2002 and a similar rate in 2003.

The Islands' labour force will see growth over the forecast period through a combination of more Islanders seeking employment and higher migration from other provinces. During this same period, job gains should outpace labour force gains and lower the unemployment rate.

The favourable economic environment and the growing job market will support a level of housing starts that is high relative to the mid- to late-1990s. This year, a decrease in single starts will be mostly offset by a surge in multiple starts, especially in the **Charlottetown** area.

## In Detail

**Single Starts:** In 2002, single-detached housing starts will remain strong but fall slightly as builders focus on the construction of multiple unit dwellings. The focus will return on the single-detached segment in 2003, with demand supported in part by a strong Island economy and income gains.

**Multiple Starts:** Low vacancy rates over the past few years have convinced developers to build new multiple-unit projects. As a result, multiple starts will rise to 170 units in 2002, before falling back in 2003. The majority of units built this year will be apartments in the **Charlottetown** area. There is also the possibility of condominium starts in the area as well.

**Resales:** With demand for single-detached houses remaining strong and active listings rising slightly, the resale market will continue to do well this year and next. However, rising mortgage rates, particularly in 2003,

will drive MLS sales lower over the forecast period.

**Prices:** The continued strong demand for existing homes in the urban areas of the province will cause the average sales price to rise to \$90,000 by the end of 2003.

## Provincial Highlight

**P.E.I. was the only Atlantic province to show demographic growth between the 1996 and 2001 censuses. The Island's population grew to 135,294 in 2001, a 0.5 per cent increase from the 1996 level.**

The main source of population growth was interprovincial migration. The Island also attracted a small number of international immigrants. Natural increase (births minus deaths) declined. The trend of population moving to urban centres, seen elsewhere in Canada, was also evident in P.E.I. Charlottetown's population rose by 2.0 per cent while Summerside's grew by 1.2 per cent.

The various migration patterns help support demand for housing on the Island.



# Newfoundland and Labrador

## Overview

**Oil production and consumer demand keep economy growing and housing markets stable**

The outlook for economic growth will remain heavily dependant on offshore oil production and investment.

Production launch at Terra Nova, combined with more light crude output in each of the next two years from Hibernia, will support income gains and the economic upturn.

Investment will also play a key role in economic and job growth. Despite the conclusion of several major capital projects such as Terra Nova's development stage, the level of investment spending will remain buoyant, highlighted by the expected start-up of White Rose. Impacts from White Rose will be modest this year but will gather

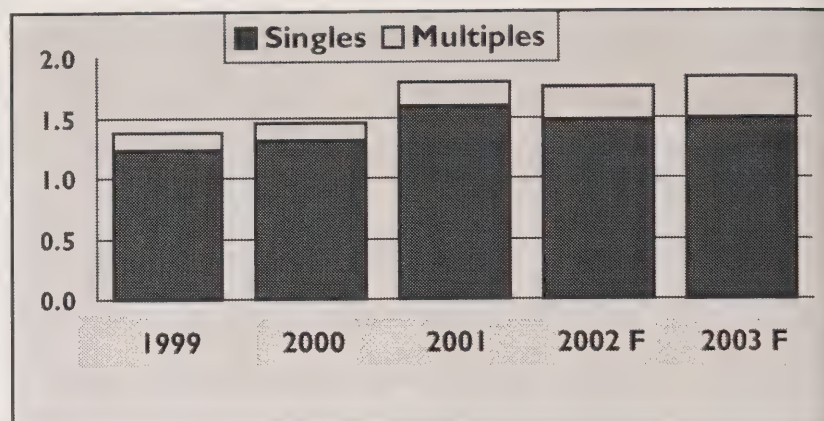
## In Detail

**Single Starts:** While single starts will dip slightly this year, they will remain strong relative to the levels achieved during the latter part of the 1990's. Ongoing shortages of existing homes and growth in the population aged 35 to 54 will support demand. On the downside, the stellar performance recorded in rural areas last year is not expected to be repeated, as much of the pent-up demand has been satisfied. Uncertainty over recent events involving the province's major employer in the fishery will also have a dampening effect in rural areas. The forecast number of single housing starts will be essentially unchanged from 2002 to 2003.

**Multiple Starts:** Tight rental markets, growing demand for condominiums, and moderately priced townhouses will ensure that multiple starts remain the major growth segment.

**Resales:** With strong job and income growth, expect brisk existing homes sales in 2002 and in 2003. While lack of supply will

## Newfoundland and Labrador Starts (000's)



steam in 2003 and beyond as the project moves into high gear.

Another bright spot on the job creation front will be customer contact centres. This industry has been among the fastest growing in recent years, generating job opportunities throughout the province.

With consumers confident and incomes growing, demand for goods and services will stay strong. Sustained job and income growth will stimulate home buying activity. Rental markets are also expected to tighten further as a number of new workforce entrants make their first move to rented accommodation.

hold back sales modestly in 2002, they will still reach their second highest total on record. Expect some slight sales gains in 2003 as listings rise in response to more owners attempting to capitalize on equity gains.

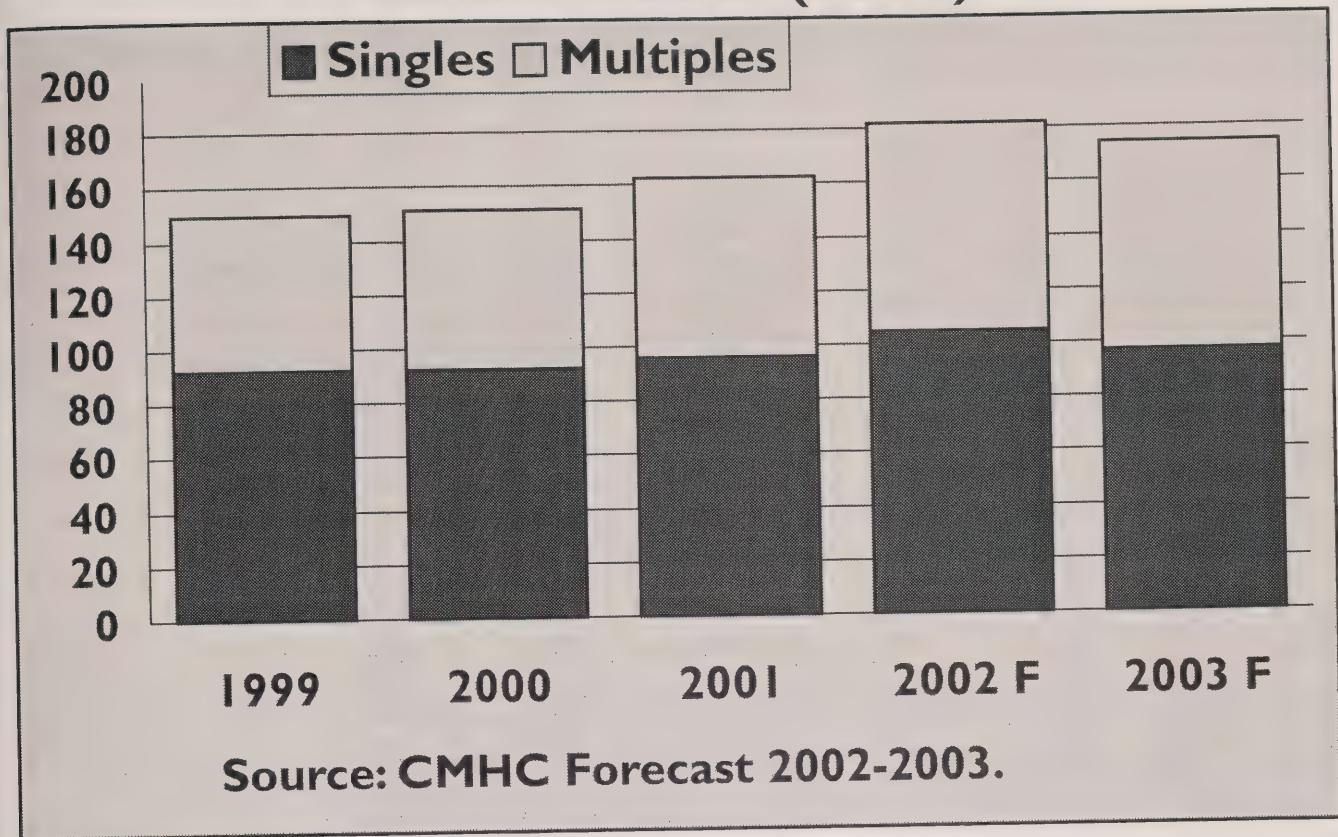
**Prices:** Supply and demand forces will continue to bolster the average MLS house price over the next two years, but lower home values in central Newfoundland will limit gains to no more than 2 per cent.

## Provincial Highlight

**While most markets within the St. John's region have been growing in recent years, the Town of Paradise/St. Thomas stands out. This community has been the fastest growing in the province with its population swelling by over 20 per cent between 1996 and 2001.**

**With improved transportation links, an abundance of competitively priced building lots, and economic prospects remaining bright, the Town of Paradise/St. Thomas is well positioned for further growth in coming years.**

# Canada Starts (000's)



## Total Housing Starts (units and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	1696	1450	1371	1459	1788	1750	1825
%	-16.6	-14.5	-5.4	6.4	22.5	-2.1	4.3
<b>PEI</b>	470	524	616	710	675	670	640
%	-15.2	11.5	17.6	15.3	-4.9	-0.7	-4.5
<b>NS</b>	3813	3137	4250	4432	4092	3950	3750
%	-6.1	-17.7	35.5	4.3	-7.7	-3.5	-5.1
<b>NB</b>	2702	2447	2776	3079	3462	3350	3300
%	-0.7	-9.4	13.4	10.9	12.4	-3.2	-1.5
<b>QUE</b>	25896	23138	25742	24695	27682	36600	33000
%	11.5	-10.7	11.3	-4.1	12.1	32.2	-9.8
<b>ONT</b>	54072	53830	67235	71521	73282	79600	74800
%	25.6	-0.4	24.9	6.4	2.5	8.6	-6.0
<b>MAN</b>	2612	2895	3133	2560	2963	2850	2750
%	12.7	10.8	8.2	-18.3	15.7	-3.8	-3.5
<b>SASK</b>	2757	2965	3089	2513	2381	2500	2550
%	13.1	7.5	4.2	-18.6	-5.3	5.0	2.0
<b>ALTA</b>	23671	27122	25447	26266	29174	32100	30350
%	42.0	14.6	-6.2	3.2	11.1	10.0	-5.5
<b>BC</b>	29351	19931	16309	14418	17234	18800	21000
%	6.2	-32.1	-18.2	-11.6	19.5	9.1	11.7
<b>CAN</b>	147040	137439	149968	151653	162733	*182200	*174000
%	17.9	-6.5	9.1	1.1	7.3	12.0	-4.5

Source: CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	<b>1220</b>	<b>1086</b>	<b>1233</b>	<b>1315</b>	<b>1598</b>	<b>1475</b>	<b>1500</b>
%	-12.5	-11.0	13.5	6.7	21.5	-7.7	1.7
<b>PEI</b>	<b>374</b>	<b>387</b>	<b>472</b>	<b>614</b>	<b>551</b>	<b>500</b>	<b>525</b>
%	-13.0	3.5	22.0	30.1	-10.3	-9.3	5.0
<b>NS</b>	<b>2939</b>	<b>2257</b>	<b>3345</b>	<b>2856</b>	<b>2761</b>	<b>2675</b>	<b>2625</b>
%	-10.3	-23.2	48.2	-14.6	-3.3	-3.1	-1.9
<b>NB</b>	<b>2125</b>	<b>1989</b>	<b>2201</b>	<b>2442</b>	<b>2573</b>	<b>2590</b>	<b>2660</b>
%	-2.2	-6.4	10.7	10.9	5.4	0.7	2.7
<b>QUE</b>	<b>16073</b>	<b>14685</b>	<b>15798</b>	<b>15349</b>	<b>17193</b>	<b>21100</b>	<b>17850</b>
%	8.5	-8.6	7.6	-2.8	12.0	22.7	-15.4
<b>ONT</b>	<b>35401</b>	<b>32737</b>	<b>39421</b>	<b>41087</b>	<b>39632</b>	<b>42500</b>	<b>39000</b>
%	31.0	-7.5	20.4	4.2	-3.5	7.2	-8.2
<b>MAN</b>	<b>2019</b>	<b>2368</b>	<b>2231</b>	<b>2348</b>	<b>2460</b>	<b>2400</b>	<b>2320</b>
%	7.7	17.3	-5.8	5.2	4.8	-2.4	-3.3
<b>SASK</b>	<b>1954</b>	<b>2154</b>	<b>2070</b>	<b>1890</b>	<b>1627</b>	<b>1800</b>	<b>1825</b>
%	21.2	10.2	-3.9	-8.7	-13.9	10.6	1.4
<b>ALTA</b>	<b>18170</b>	<b>20077</b>	<b>16688</b>	<b>16835</b>	<b>19769</b>	<b>21700</b>	<b>20400</b>
%	40.3	10.5	-16.9	0.9	17.4	9.8	-6.0
<b>BC</b>	<b>12911</b>	<b>8691</b>	<b>8731</b>	<b>7448</b>	<b>7862</b>	<b>8100</b>	<b>8600</b>
%	3.7	-32.7	0.5	-14.7	5.6	3.0	6.2
<b>CAN</b>	<b>93186</b>	<b>86431</b>	<b>92190</b>	<b>92184</b>	<b>96026</b>	<b>*104800</b>	<b>*97300</b>
%	19.5	-7.2	6.7	-0.0	4.2	9.1	-7.2

Source: CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	<b>476</b>	<b>364</b>	<b>138</b>	<b>144</b>	<b>190</b>	<b>275</b>	<b>325</b>
%	-25.5	-23.5	-62.1	4.3	31.9	44.7	18.2
<b>PEI</b>	<b>96</b>	<b>137</b>	<b>144</b>	<b>96</b>	<b>124</b>	<b>170</b>	<b>115</b>
%	-22.6	42.7	5.1	-33.3	29.2	37.1	-32.4
<b>NS</b>	<b>874</b>	<b>880</b>	<b>905</b>	<b>1576</b>	<b>1331</b>	<b>1275</b>	<b>1125</b>
%	11.9	0.7	2.8	74.1	-15.5	-4.2	-11.8
<b>NB</b>	<b>577</b>	<b>458</b>	<b>575</b>	<b>637</b>	<b>889</b>	<b>760</b>	<b>640</b>
%	5.1	-20.6	25.5	10.8	39.6	-14.5	-15.8
<b>QUE</b>	<b>9823</b>	<b>8453</b>	<b>9944</b>	<b>9346</b>	<b>10489</b>	<b>15500</b>	<b>15150</b>
%	16.9	-13.9	17.6	-6.0	12.2	47.8	-2.3
<b>ONT</b>	<b>18671</b>	<b>21093</b>	<b>27814</b>	<b>30434</b>	<b>33650</b>	<b>37100</b>	<b>35800</b>
%	16.4	13.0	31.9	9.4	10.6	10.3	-3.5
<b>MAN</b>	<b>593</b>	<b>527</b>	<b>902</b>	<b>212</b>	<b>503</b>	<b>450</b>	<b>430</b>
%	33.9	-11.1	71.2	-76.5	137.3	-10.5	-4.4
<b>SASK</b>	<b>803</b>	<b>811</b>	<b>1019</b>	<b>623</b>	<b>754</b>	<b>700</b>	<b>725</b>
%	-2.8	1.0	25.6	-38.9	21.0	-7.2	3.6
<b>ALTA</b>	<b>5501</b>	<b>7045</b>	<b>8759</b>	<b>9431</b>	<b>9405</b>	<b>10400</b>	<b>9950</b>
%	48.0	28.1	24.3	7.7	-0.3	10.6	-4.3
<b>BC</b>	<b>16440</b>	<b>11240</b>	<b>7578</b>	<b>6970</b>	<b>9372</b>	<b>10700</b>	<b>12400</b>
%	8.2	-31.6	-32.6	-8.0	34.5	14.2	15.9
<b>CAN</b>	<b>53854</b>	<b>51008</b>	<b>57778</b>	<b>59469</b>	<b>66707</b>	<b>*77300</b>	<b>*76700</b>
%	15.3	-5.3	13.3	2.9	12.2	15.9	-0.8

Source: CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type (Units)

		1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NF	Semi-detached	158	163	50	44	30	50	50
	Row	18	20	9	23	36	50	50
	Apartment	300	181	79	77	124	175	225
	Total	476	364	138	144	190	275	325
PEI	Semi-detached	12	28	32	46	56	50	40
	Row	43	10	31	21	10	20	25
	Apartment	41	99	81	29	58	100	50
	Total	96	137	144	96	124	170	115
NS	Semi-detached	303	290	218	266	228	240	250
	Row	58	89	29	17	40	60	100
	Apartment	513	501	658	1293	1063	975	775
	Total	874	880	905	1576	1331	1275	1125
NB	Semi-detached	106	106	134	113	114	150	100
	Row	132	89	94	26	153	70	90
	Apartment	339	263	347	498	622	540	450
	Total	577	458	575	637	889	760	640
QC	Semi-detached	2767	1930	1586	1291	1309	1850	1800
	Row	1433	1074	1184	858	869	1250	1200
	Apartment	5623	5449	7174	7197	8311	12400	12150
	Total	9823	8453	9944	9346	10489	15500	15150
ON	Semi-detached	4299	4575	6445	7167	7106	7500	7000
	Row	9964	10073	10425	10846	10269	9800	10000
	Apartment	4408	6445	10944	12421	16275	19800	18800
	Total	18671	21093	27814	30434	33650	37100	35800
MAN	Semi-detached	143	131	90	52	51	70	60
	Row	96	81	151	63	84	80	70
	Apartment	354	315	661	97	368	300	300
	Total	593	527	902	212	503	450	430
SK	Semi-detached	160	174	155	148	116	155	145
	Row	352	222	104	173	240	175	180
	Apartment	291	415	760	302	398	370	400
	Total	803	811	1019	623	754	700	725
ALB	Semi-detached	1458	1428	1570	1518	1957	2150	2100
	Row	1691	1512	1424	1545	1779	1950	1850
	Apartment	2352	4105	5765	6368	5669	6300	6000
	Total	5501	7045	8759	9431	9405	10400	9950
B.C.	Semi-detached	1979	1218	816	885	916	950	1100
	Row	3469	2117	1444	1675	1686	1750	2000
	Apartment	10992	7905	5318	4410	6770	8000	9300
	Total	16440	11240	7578	6970	9372	10700	12400
CAN	Semi-detached	11385	10043	11096	11530	11883	13165	12645
	Row	17256	15287	14895	15247	15166	15205	15565
	Apartment	25213	25678	31787	32692	39658	48960	48450
	Total	53854	51008	57778	59469	66707	*77300	*76700

Source: CMHC Forecast 2002-2003.

\* Total does not add due to rounding.



Multiple Housing Starts by Area and Tenure							
		Centres 10,000 population and over				Other Areas	All Areas Total
		Total Rental	Condo	Other <sup>**</sup>	Total 10,000+		
NFLD	2001	14	40	118	172	18	190
	2002	150	50	55	255	20	275
	2003	175	80	50	305	20	325
PEI	2001	48	0	30	78	46	124
	2002	85	40	15	140	30	170
	2003	55	10	10	75	40	115
NS	2001	745	256	147	1148	183	1331
	2002	650	325	150	1125	150	1275
	2003	500	350	125	975	150	1125
NB	2001	461	116	130	707	182	889
	2002	485	50	150	685	75	760
	2003	415	75	100	590	50	640
QUE	2001	4026	4163	1628	9817	672	10489
	2002	5890	6200	2480	14570	930	15500
	2003	5757	6060	2424	14241	909	15150
ONT	2001	2716	16653	14157	33526	124	33650
	2002	5100	17700	14150	36950	150	37100
	2003	5300	16600	13770	35670	130	35800
MAN	2001	192	79	8	279	224	503
	2002	165	230	15	410	40	450
	2003	155	220	15	390	40	430
SASK	2001	38	605	31	674	80	754
	2002	60	515	50	625	75	700
	2003	70	530	50	650	75	725
ALTA	2001	2470	5343	752	8565	840	9405
	2002	2750	5750	700	9200	1200	10400
	2003	2450	5650	700	8800	1150	9950
BC	2001	3912	4285	889	9086	286	9372
	2002	2300	7200	800	10300	400	10700
	2003	1200	9400	900	11500	900	12400
CAN	2001	14622	31540	17890	64052	2655	66707
	2002	17635	38060	18565	74260	3070	**77300
	2003	16077	38975	18144	73196	3464	**76700

Source: CMHC Forecast 2002-2003.

\* Includes homeowner and unclassified units.

\*\* Total does not add due to rounding.

## MLS Total Residential Sales (units and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	2170	2288	2437	2593	2808	2750	2775
%	8.2	5.4	6.5	6.4	8.3	-2.1	0.9
<b>PEI</b>	806	1125	1184	1206	1234	1200	1150
%	7.5	39.6	5.2	1.9	2.3	-2.8	-4.2
<b>NS</b>	7567	8052	8827	8429	9268	8950	8500
%	-9.6	6.4	9.6	-4.5	10.0	-3.4	-5.0
<b>NB</b>	3941	3908	4376	4524	4779	4800	5000
%	-2.0	-0.8	12.0	3.4	5.6	0.4	4.2
<b>QUE</b>	43463	45192	49792	53755	61620	65000	63000
%	11.1	4.0	10.2	8.0	14.6	5.5	-3.1
<b>ONT</b>	140608	138463	148659	147158	162318	178000	170500
%	1.9	-1.5	7.4	-1.0	10.3	9.7	-4.2
<b>MAN</b>	11180	10762	10867	10612	11440	11600	11200
%	2.0	-3.7	1.0	-2.3	7.8	1.4	-3.4
<b>SASK</b>	8346	8068	8053	7552	7971	7800	7800
%	-3.9	-3.3	-0.2	-6.2	5.5	-2.1	0.0
<b>ALTA</b>	43693	43383	42684	43311	48989	48450	46750
%	16.6	-0.7	-1.6	1.5	13.1	-1.1	-3.5
<b>BC</b>	68182	52910	58084	54179	69554	72800	73000
%	-5.5	-22.4	9.8	-6.7	28.4	4.7	0.3
<b>CAN</b>	329956	314151	334963	333319	379981	*401400	*389700
%	2.6	-4.8	6.6	-0.5	14.0	5.6	-2.9

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2002-2003.

(F) Forecast.  
\* Total does not add due to rounding.

## MLS Average Residential Price (dollars and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
<b>NFLD</b>	92226	91514	94359	99525	104376	105500	107500
%	-1.5	-0.8	3.1	5.5	4.9	1.1	1.9
<b>PEI</b>	86403	79577	82139	82884	87696	89000	90000
%	3.0	-7.9	3.2	0.9	5.8	1.5	1.1
<b>NS</b>	96693	97015	102628	110269	116052	118500	120000
%	3.5	0.3	5.8	7.4	5.2	2.1	1.3
<b>NB</b>	87204	85948	88072	91624	95947	99000	102000
%	3.6	-1.4	2.5	4.0	4.7	3.2	3.0
<b>QUE</b>	101715	103947	107501	111260	115865	124000	129500
%	3.3	2.2	3.4	3.5	4.1	7.0	4.4
<b>ONT</b>	164382	167115	174049	183841	193357	208000	214500
%	5.6	1.7	4.1	5.6	5.2	7.6	3.1
<b>MAN</b>	85404	86419	86423	87884	93192	96500	100000
%	0.1	1.2	0.0	1.7	6.0	3.5	3.6
<b>SASK</b>	83978	87577	91396	94047	98310	103500	106500
%	8.4	4.3	4.4	2.9	4.5	5.3	2.9
<b>ALTA</b>	124865	132905	139621	146258	153737	163000	169500
%	6.1	6.4	5.1	4.8	5.1	6.0	4.0
<b>BC</b>	220512	212046	215283	221371	222822	231300	238300
%	0.8	-3.8	1.5	2.8	0.7	3.8	3.0
<b>CAN</b>	154644	152393	158180	164129	171955	*183600	*189700
%	2.5	-1.5	3.8	3.8	4.8	6.8	3.3

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2002-2003.

(F) Forecast.

\* Total does not add due to rounding.



### Employment (annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1.2	2.6	5.5	-0.2	3.3	2.0	3.0
PEI	0.5	1.9	1.5	5.3	2.0	1.2	1.4
NS	1.6	3.8	2.4	2.7	0.9	0.7	2.2
NB	1.5	2.3	3.3	1.8	0.0	1.2	2.0
QUE	1.6	2.7	2.3	2.4	1.1	3.2	2.5
ONT	2.6	3.3	3.6	3.2	1.5	1.4	2.2
MAN	1.3	1.9	1.3	2.2	0.6	1.0	1.0
SASK	2.7	1.3	0.8	1.0	-2.6	0.0	0.5
ALTA	3.5	3.9	2.5	2.3	2.8	1.7	1.9
BC	2.6	0.1	1.9	2.2	-0.3	0.5	1.8
CAN	2.3	2.7	2.8	2.6	1.1	1.7	2.1

Source: Statistics Canada, CMHC Forecast 2002-2003.  
(F) Forecast.

### Unemployment Rate (percent)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	18.6	18.0	16.9	16.7	16.1	16.5	16.1
PEI	15.4	13.9	14.4	12.0	11.9	11.7	11.4
NS	12.1	10.5	9.6	9.1	9.7	10.2	9.6
NB	12.7	12.2	10.2	10.0	11.2	11.0	10.4
QUE	11.4	10.3	9.3	8.4	8.7	8.4	7.9
ONT	8.4	7.2	6.3	5.7	6.3	7.1	7.0
MAN	6.5	5.5	5.6	4.9	5.0	5.2	5.1
SASK	5.9	5.8	6.1	5.2	5.8	5.9	5.4
ALTA	5.8	5.6	5.7	5.0	4.6	4.8	4.7
BC	8.4	8.8	8.3	7.2	7.7	8.0	7.8
CAN	9.1	8.3	7.6	6.8	7.2	7.5	7.3

Source: Statistics Canada, CMHC Forecast 2002-2003.  
(F) Forecast.

## Real Gross Domestic Product (annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1.1	7.1	6.5	5.7	1.3	4.5	5.5
PEI	-0.3	4.7	3.7	3.2	0.1	2.5	2.3
NS	3.3	2.8	5.4	2.1	2.4	2.4	3.5
NB	0.9	4.2	4.3	2.3	0.7	1.2	3.2
QUE	3.5	3.6	4.8	4.2	0.9	3.7	4.0
ONT	4.9	4.8	6.8	5.0	1.0	3.7	4.3
MAN	4.2	4.0	2.3	2.5	1.4	2.0	2.8
SASK	5.5	2.6	1.5	3.3	-1.9	1.0	2.2
ALTA	7.5	4.0	2.1	5.8	2.9	3.0	4.5
BC	3.4	1.3	2.9	3.7	0.9	1.5	4.0
CAN	4.3	4.1	5.4	4.5	1.5	3.5	4.1

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2002-2003.

(E) Estimate. (F) Forecast.

## Total Net Migration\* (persons)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	-8471	-7831	-3450	-4128	-3169	-2950	-3500
PEI	-229	116	420	-13	577	600	500
NS	497	182	2493	531	-134	250	2000
NB	-1285	-2341	263	-212	-279	250	600
QUE	-1922	2090	8175	5995	14500	6500	7000
ONT	94576	73331	100797	125825	130360	125000	126500
MAN	-4206	-1669	288	-391	-2089	-1300	-900
SASK	-1518	-1014	-5892	-8099	-9352	-7800	-3900
ALTA	40473	45403	25920	35309	35070	34380	29180
BC	44302	10819	19946	14549	23188	27000	33950
CAN**	162217	119086	148960	169366	188672	181930	191430

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2002-2003.

(F) Forecast.

\* Sum of interprovincial migration, international migration, and non-permanent residents.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS average price	Rental vacancy rate structures of 3 units +
Victoria	2001	1,264	631	0.4	5,872	259,138	0.5
	2002(F)	1,260	695	2.0	6,575	270,000	1.0
	2003(F)	1,340	710	4.2	6,200	277,000	1.3
Vancouver	2001	10,862	3,512	0.8	27,909	369,343	1.0
	2002(F)	12,500	4,500	3.0	29,000	387,800	1.4
	2003(F)	14,000	4,700	4.0	29,500	399,000	1.6
Abbotsford	2001	418	412	na	1,892	204,486	2.4
	2002(F)	550	490	na	2,100	212,000	3.0
	2003(F)	570	500	na	2,150	215,000	3.2
Edmonton	2001	7,855	4,959	1.6	16,079	133,441	0.9
	2002(F)	8,500	5,500	2.5	16,000	143,500	1.2
	2003(F)	7,750	5,000	2.5	15,500	149,250	1.5
Calgary	2001	11,349	7,559	2.5	22,512	182,090	1.2
	2002(F)	12,250	8,300	3.5	22,000	191,200	1.5
	2003(F)	11,250	7,700	2.8	21,000	196,900	1.5
Saskatoon	2001	900	542	2.7	2,987	116,023	2.9
	2002(F)	1,000	650	3.0	2,800	119,500	2.0
	2003(F)	1,000	625	3.0	2,800	124,500	2.0
Regina	2001	626	401	2.5	2,792	96,943	2.1
	2002(F)	625	475	3.0	2,700	100,000	2.5
	2003(F)	615	450	3.0	2,700	103,000	2.5
Winnipeg	2001	1,473	1,238	1.8	10,215	94,736	1.4
	2002(F)	1,500	1,225	2.5	10,500	98,500	1.2
	2003(F)	1,500	1,200	2.5	10,200	102,250	1.2
Thunder Bay	2001	211	163	-0.9	1354	111,064	5.8
	2002(F)	280	170	0.3	1462	112,175	5.0
	2003(F)	250	180	0.5	1506	114,418	4.5
Sudbury	2001	191	191	-0.9	1937	107,774	5.7
	2002(F)	230	195	0.3	2034	109,390	5.0
	2003(F)	240	200	0.5	2095	111,578	4.5
Windsor	2001	2,157	1,605	-0.1	5127	140,206	2.9
	2002(F)	2,335	1,765	0.3	5383	148,000	2.5
	2003(F)	2,170	1,660	0.4	5100	151,000	2.1
London	2001	1,607	1,317	2.5	7307	136,636	1.6
	2002(F)	2,230	1,600	2.5	7600	138,900	1.4
	2003(F)	2,150	1,350	2.0	6900	139,800	1.2
Kitchener	2001	3,537	2,197	3.0	4816	164,548	0.9
	2002(F)	3,640	2,700	2.9	5500	177,750	1.2
	2003(F)	3,500	2,400	3.0	5200	183,750	1.5
St. Catharines-Niagara	2001	1,134	916	2.3	5495	134,004	1.9
	2002(F)	1,280	1,000	3.9	5750	140,700	2.3
	2003(F)	1,360	975	2.5	5650	145,750	2.0
Hamilton	2001	3,365	1,842	2.0	11334	172,567	1.3
	2002(F)	3,400	2,100	2.5	12000	180,000	1.5
	2003(F)	3,500	1,900	2.5	11500	186,000	1.5
Toronto	2001	41,017	16,844	2.4	67612	251,507	0.9
	2002(F)	47,500	19,500	2.5	77000	270,000	1.1
	2003(F)	44,000	17,500	2.3	73000	280,000	1.4

## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual chg. %	MLS sales	MLS average price	Rental vacancy rate Structures of 3 units +
Oshawa	2001	2,561	2,038	na	4937	172,603	1.3
	2002(F)	3,480	2,600	na	5600	183,000	1.8
	2003(F)	2,870	2,200	na	5300	188,000	1.5
Kingston	2001	707	537	na	3274	132,048	1.5
	2002(F)	760	570	na	3550	136,750	1.2
	2003(F)	835	600	na	3760	140,100	1.0
Ottawa	2001	6,251	3,502	11.6	12237	205,094	0.8
	2002(F)	6,225	2,790	5.8	13775	230,400	1.4
	2003(F)	6,650	3,000	4.6	14725	244,900	1.9
Gatineau	2001	1,659	1,093	1.0	4,050	99,776	0.6
	2002(F)	2,100	1,400	4.0	4,250	108,000	0.6
	2003(F)	1,700	950	3.0	4,000	110,000	1.0
Montréal	2001	13,300	7,152	5.0	33,984	137,907	0.6
	2002(F)	18,000	9,500	5.0	36,000	151,000	0.6
	2003(F)	16,200	7,300	5.0	33,500	161,000	1.0
Trois-Rivières	2001	324	224	n.a.	824	75,700	4.7
	2002(F)	525	230	n.a.	840	78,500	3.8
	2003(F)	450	225	n.a.	800	80,500	3.5
Sherbrooke	2001	589	283	n.a.	1,245	94,300	2.3
	2002(F)	650	310	n.a.	1,325	98,800	1.8
	2003(F)	570	280	n.a.	1,200	97,500	1.5
Québec	2001	2,555	1,581	2.6	7,072	92,367	0.8
	2002(F)	4,000	2,500	4.0	7,300	99,000	0.8
	2003(F)	3,600	1,900	3.0	6,900	103,500	1.4
Chicoutimi-Jonquière	2001	336	228	n.a.	980	85,480	4.4
	2002(F)	620	230	n.a.	1,030	88,250	4.3
	2003(F)	300	230	n.a.	1,070	90,500	5.0
Saint John	2001	374	325	0.1	1,510	97,348	5.6
	2002(F)	400	340	0.1	1,500	99,500	6.0
	2003(F)	410	355	0.1	1,525	104,000	4.5
Halifax	2001	2,340	1,296	2.2	6,212	134,106	2.8
	2002(F)	2,150	1,200	2.8	6,050	137,500	3.0
	2003(F)	2,050	1,175	3.0	5,900	139,000	3.0
St. John's	2001	1,029	875	2.0	2,675	105,237	2.5
	2002(F)	1,100	875	2.5	2,625	106,500	2.0
	2003(F)	1,125	850	2.5	2,650	108,000	2.0
Charlottetown	2001	300	250	1.5	505	106,355	1.8
	2002(F)	350	230	1.0	500	107,500	2.5
	2003(F)	300	200	1.8	500	108,000	3.0
ALL METRO AREAS	2001	120,291	63,713	2.6	274,745		1.1
	2002(F)	139,440	73,640	3.0	292,749		1.2
	2003(F)	132,255	66,315	2.9	282,831		1.5

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2002-2003.  
n.a.: data not available



## Major Housing Indicators Seasonally Adjusted Annual Rates (levels and quarterly percent change)

	00:Q3	00:Q4	01:Q1	01:Q2	01:Q3	01:Q4	02:Q1	02:Q2
<b>New housing</b>								
Building permits, units, thousands	156.8	149.6	163.4	159.4	157.6	174.7	212.9	n.a.
%	6.6	-4.6	9.2	-2.4	-1.2	10.9	21.8	n.a.
Housing starts, total, thousands	159.9	153.7	160.9	164.5	156.3	171.6	204.2	195.7
%	12.2	-3.9	4.7	2.2	-5.0	9.8	19.0	-4.2
Housing starts, singles, thousands	92.7	90.4	96.5	92.6	94.1	102.6	122.4	123.9
%	1.5	-2.5	6.7	-4.0	1.6	9.0	19.3	1.2
Housing starts, multiples, thousands	67.2	63.3	64.4	71.9	62.2	69.0	81.8	71.8
%	31.3	-5.8	1.7	11.6	-13.5	10.9	18.6	-12.2
Housing completions, total, thousands	148.4	142.3	145.5	151.4	153.4	156.2	177.6	173.3
%	1.7	-4.1	2.3	4.0	1.3	1.8	13.7	-2.4
New house price index, 1992=100	103.5	104.2	104.9	105.7	106.5	107.1	108.2	n.a.
%	0.6	0.7	0.6	0.8	0.8	0.5	1.1	n.a.
<b>Existing housing</b>								
MLS resales, units, thousands	333.6	333.2	346.4	370.6	379.0	423.5	463.9	411.1
%	1.7	-0.1	4.0	7.0	2.3	11.7	9.5	-11.4
MLS average resale price, \$C thousands	164.3	167.1	166.4	169.9	173.7	176.8	183.0	186.5
%	1.0	1.7	-0.5	2.1	2.2	1.8	3.5	1.9
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	432.6	436.1	441.1	446.3	452.9	461.0	468.7	n.a.
%	0.6	0.8	1.1	1.2	1.5	1.8	1.7	n.a.
Mortgage approvals, \$C billions	76.3	78.7	84.5	89.7	88.5	n.a.	n.a.	n.a.
%	5.9	3.1	7.3	6.2	-1.3	n.a.	n.a.	n.a.
1-year mortgage rate, per cent*	7.90	7.83	7.10	6.73	6.03	4.70	4.80	5.50
5-year mortgage rate, per cent*	8.25	8.15	7.58	7.67	7.50	6.87	7.05	7.37
<b>Residential investment**</b>								
Total, \$1997 billions	46.5	47.1	47.4	47.0	47.9	50.5	54.5	n.a.
%	4.4	1.3	0.5	-0.8	2.0	5.3	7.9	n.a.
New, \$1997 billions	22.6	22.9	23.5	23.1	23.6	25.3	28.0	n.a.
%	5.0	1.4	2.4	-1.8	2.3	7.5	10.5	n.a.
Alterations, \$1997 billions	16.8	17.2	16.8	16.4	16.4	16.5	16.9	n.a.
%	3.8	2.6	-2.4	-2.4	0.3	0.3	2.6	n.a.
Transfer costs, \$1997 billions	7.2	7.0	7.1	7.5	7.9	8.5	9.4	n.a.
%	3.5	-2.2	1.4	6.0	4.6	8.8	9.9	n.a.
Deflator, 1997=100	105.5	106.7	107.3	108.5	109.0	110.1	111.4	n.a.
%	0.2	-0.6	1.1	0.6	1.1	0.4	1.1	1.2

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.



CA1  
MHCO  
-CS3

Government  
Publications

# MHC HOUSING

## OUTLOOK: NATIONAL EDITION

Canada Mortgage and Housing Corporation

### Expect steady housing construction

#### Overview

#### **Housing starts:**

**2003: 205,500**

**2004: 195,100**

#### **Resales:**

**2003: 401,900**

**2004: 385,500**

**Housing starts:** Canada's housing construction industry is on solid footing. Economic growth will continue to support new housing construction. As housing prices rise, so will the popularity of relatively cheaper apartment dwellings.

**House prices:** Resale markets are tight, though less so than several months ago. High levels of sales and a low supply of new listings will keep house prices growing, though the rate of growth will slow.

**Resales:** Housing demand, generated by historically low mortgage rates and by a decade and a half of strong immigration, will keep sales through the Multiple Listings Services high, but below last year's record. (Details on Page 3)

#### The Nation's **HOT SPOTS**

**British Columbia:** Improving economic performance combined with low levels of inventories will give B.C. the fastest growth in starts this year (See Page 9)

**Quebec:** Rising income, renewed consumer confidence, and low mortgage rates will support home building. (See Page 14)

**Ontario:** High immigration and low mortgage rates will keep inventories of completed and unoccupied dwellings near a record low and boost residential construction. (See Page 13)

Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact CMHC at (613) 748-2006 or email us at [Market\\_Analysis\\_Centre@cmhc-schl.gc.ca](mailto:Market_Analysis_Centre@cmhc-schl.gc.ca)

CMHC Market Analysis Centre  
E-Mail: [Market\\_Analysis\\_Centre@cmhc-schl.gc.ca](mailto:Market_Analysis_Centre@cmhc-schl.gc.ca)

### First Quarter, 2003

3	NATIONAL OUTLOOK
4	TRENDS IMPACTING HOUSING
6	SPECIAL REPORT RENOVATION FORECAST
9	PROVINCIAL REPORTS
9	British Columbia
10	Alberta
11	Saskatchewan
12	Manitoba
13	Ontario
14	Quebec
15	New Brunswick
16	Nova Scotia
17	Prince Edward Island
18	Newfoundland and Labrador
19	FORECAST TABLES

**CMHC Housing Outlook:  
National Edition** is your  
national sales, marketing, and  
business planning tool.



HOME TO CANADIANS  
Canada

OCT 8 2003



## CMHC — HOMETO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with all levels of government, public, private and not-for-profit partners to improve the quality, accessibility and affordability of rental housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

### Information and Subscriptions

Call 1-800-668-2642. Outside Canada, 1-613-748-2006, fax: 613 748-4069

To reach us online, visit our home page at <[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)>

Annual subscription (4 issues) \$120 plus GST

Single issue \$40 plus GST

*Specify PDF or printed version (PDF files are e-mailed to you).*

You can also order via internet at <[www.cmhc-schl.gc.ca/mktinfo/store](http://www.cmhc-schl.gc.ca/mktinfo/store)>

Forecast for this issue completed in January 2003

The CMHC Housing Outlook National Edition is your national sales, marketing and planning tool. Upcoming e-mail PDF format release dates:

Second Quarter — May

### MLS™

The term MLS™ stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

© 2003 Canada Mortgage and Housing Corporation  
All rights reserved.

ISSN 1488-6537

Product # 61500-2002-Q02

# National Housing Outlook

## In Detail

### Singles will level off

Singles will plateau this year. Last year was a banner year when single starts grew by the second fastest pace since 1957 to reach a level of 125,374 and post their first year above 100,000 in over a decade. Activity will be flat or slightly weaker in most provinces. However, growth will be seen in Quebec, Saskatchewan and British Columbia, bucking the national trend.

Because single-detached homes are the form of housing that is most in demand, and since they are generally the most expensive, it should come as no surprise that less expensive mortgage carrying costs brought about by low mortgage rates should have the greatest positive impact on single starts. The moderate increase in mortgage rates and higher home prices expected this year will cause single starts to plateau, but they will still be at very high levels when compared to the average over the past decade. A further increase in mortgage rates in 2004 will cause single starts to decline to a level of 117,900.

### Multiples growth carried by apartments

Semis, apartments and row units all experienced double digit growth in 2002, the first time this has happened since 1986. However only apartments will carry that momentum into 2003 as higher prices for the more expensive housing types divert more people into this housing choice. Overall, multiple starts will post another positive year in 2003,

growing by a modest 2.2 per cent, to a level of 81,400. With mortgage rates rising further in 2004, multiple starts will taper off, declining to a level of 77,300.

### Another 400,000 plus resales this year

Strong growth in employment, increases in incomes, high consumer confidence, and another year of strong immigration will drive MLS™ resales. A moderate increase in mortgage rates this year combined with rising house prices and a relative lack of listings compared to sales will tone down resale activity from last year's record pace but the annual total will still be the second best on record and is again expected to be above the 400,000 mark. However further increases in resale prices along with higher mortgage rates will cause resale activity to decline further in 2004, dropping to a level of 385,500 resales.

### Prices will rise... but no bubble

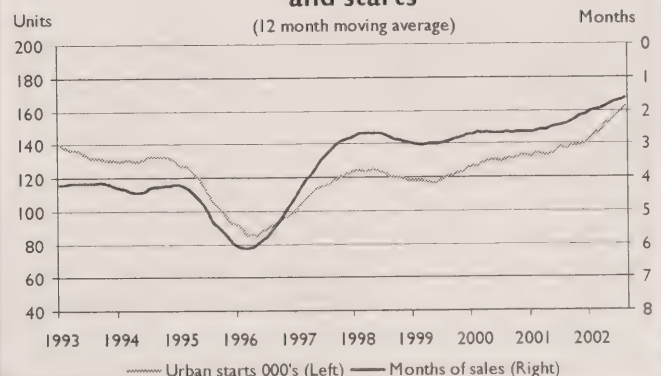
Resale markets are tight and a low supply of new listings will keep prices growing. Low mortgage rates help this process along by increasing the amount people can borrow based on the same monthly payment. Nonetheless we expect that resale prices will rise at successively slower pace over the next two years as the resale market cools. With broad based price increases expected to be in line with or just slightly above the general rate of inflation, talk of a real estate bubble is not justified at this time.

## Spotlight: Why low inventories means starts will stay high

The chart below demonstrates why starts have been strong and why they will remain strong again this year.

- Inventories are very low, no matter how you look at it. In the chart we show an approximate housing inventory-to-sales ratio\*, in months of sales. As of last count there were less than 2 months of inventory available for sale.
- It is clear that as inventories decline, builders must increase starts to meet demand, as they have little existing stock to sell.
- The current strong demand for housing and the long time lag involved in building a house will keep inventories from rising too fast and ensure starts will remain robust well into 2003.

The relationship between inventories and starts  
(12 month moving average)



\* The months of inventory measure was calculated by dividing newly completed & unoccupied units in urban areas, by absorptions (which are units that have been both completed and sold) in urban areas.



# Trends Impacting Housing

## The Economy

The Canadian economy is not being negatively impacted by the tentative recovery occurring south of the border. The leading indicator of economic activity has been in positive territory for the past nineteen consecutive months and the economy is expected to have grown by 3.3 per cent last year. It has been driven mainly by several factors: strength in housing investment, consumer spending, a slowdown in inventory depletion, and a rebound in exports to the U.S. The major risk is that the current geopolitical situation could have a severe negative impact on economic growth.

As the excesses of the technology bubble are wrung out of the economy, corporate profits will continue to rebound and business investment will finally begin to grow, pushing GDP growth up by 3.2 per cent this year. A further acceleration of the U.S. economy later this year will provide the basis for stronger growth in 2004.

## Mortgage Rates

The Bank of Canada raised its target for the overnight rate by one-quarter of one percentage point three times in 2002, to 2.75 per cent, before pausing. These moves by the Bank removed some excess monetary stimulus from the economy.

The Bank of Canada cited "significant geopolitical and global economic uncertainties" as the primary reason for taking a pause, but the Bank noted that "going forward, the timely removal of monetary stimulus will be required to achieve the inflation target over the medium term". This suggests that it is only a matter of time before the Bank resumes increasing interest rates, as there is still excessive monetary stimulus in the economy. As the economy is expected to continue growing strongly this year, the Bank is expected to resume raising its key overnight rate in order to keep inflation in its targeted range of one to three per cent. We expect this process to begin in the next few months.

That being said, mortgage rates will still remain low from a historical standpoint and will support demand for housing through the end of the year. The one-year mortgage rate expected to be in the 5.50 to 6.75 per cent range this year. The five-year rate is expected to be in the 6.75 to 8.00 per cent range this year. Improved economic growth in 2004 will result in mortgage rates moving higher. The one-year

mortgage rate expected to be in the 6.50 to 7.25 per cent range in 2004. The five-year rate is expected to be in the 8.00 to 8.75 per cent range in 2004.

## Employment

Canada experienced surprisingly strong job creation in 2002 after a lackluster performance in 2001. Job growth for 2002 was 2.2 per cent. From January to December the economy created nearly 560 thousand jobs, which is the largest such figure since 1987. This will have a very positive effect through the end of 2003 as it will allow the formation of new households and support demand for housing.

Wage gains have also been very solid as of late and incomes are growing. This will amplify the positive effect of the strong employment growth that Canada has experienced recently and provide further support to housing demand over the coming year.

## Consumer Confidence



















One of the continuing positive aspects about the Canadian economy right now is the high level of consumer confidence. This is the case even with all sorts of uncertainties swirling around in the news, from very weak equity markets for the third year running, to ever bigger corporate scandals, a less than robust U.S. economic recovery and tensions over the current geopolitical situation. The Conference Board of Canada index of consumer attitudes remains high, even with all these uncertainties. Therefore, Canadians remain positive about their prospects for the future and this bodes well for housing demand in the near term.

## Migration

Total net migration (immigration minus emigration plus the flow of non-permanent residents) has been high since 1987, averaging about 180,000 persons per year. The total for 2002 will be a bit higher than this average but below the recent 2001 peak of 218,337 persons. The data indicate that the number of persons acquiring immigrant status dropped right after September 11 and then subsequently rose, and has slowly climbed back to pre-September-11 levels. Since the immigration targets have been raised for 2003, we expect that total net migration will increase this year and next, which will be a positive development for the housing market.

# Trends at a Glance

## Key factors and their effects on residential construction

Factor	Comment	Impact	
		2003	2004
Mortgage rates	Mortgage rates will remain low, but start to rise this year. Rates will increase next year and moderate housing demand.		
Employment	Robust job creation will support housing demand through 2003 and moderate in 2004.		
Incomes	Incomes will benefit from steady job growth and solid wage gains.		
Net migration	Large migration inflows since 1987 support housing demand.		
Natural population increase	Natural population increase (births minus deaths) continues but at a progressively slower rate. This secular trend is leading to the formation of progressively fewer households.		
Consumer confidence	Resilient consumer confidence in the face of global uncertainties will support housing demand.		
Resale market	Resale markets will begin to ease slowly. This will eventually temper the demand for new housing.		
Inventories of new and unoccupied units	Low inventories of newly constructed and unoccupied dwellings also stress that demand must be met by new construction.		
Vacancy rates	Low vacancy rates will spur more multiple starts. As vacancy rates rise this impact will moderate.		



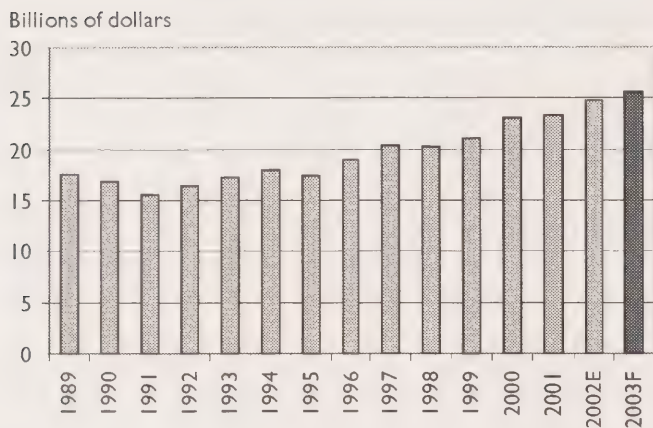
# Special Report: Renovation Forecast

Strength in the resale market, robust housing starts and the effects of a strong job market typically drives renovation spending. However, a modest rise in interest rates along with a cooling of the pace of job growth and a cooling in the resale market will slow the pace of renovation growth this year.

## Short-term outlook

We expect that renovation spending will continue to increase this year, continuing the expansion that began in 1999. A slight increase in mortgage rates will trim the growth rate of total renovation spending (which includes the sub-categories of alterations & improvements and also repairs) to 3.6% this year. Total spending on renovation is expected to reach \$26.0 billion in 2003.

**Renovation spending**



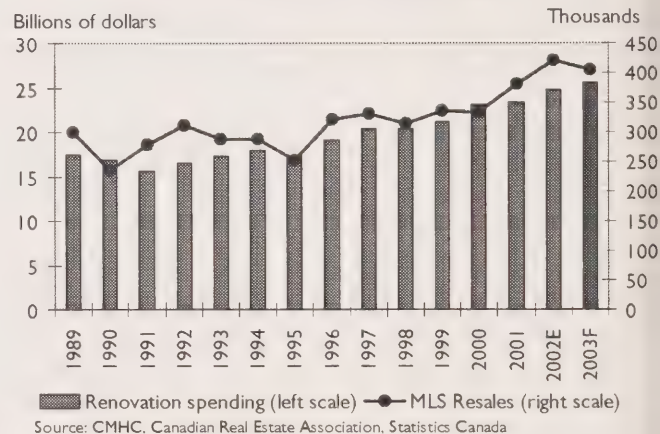
Source: CMHC, Statistics Canada

Canada has experienced very strong economic growth over the past five years and the economy has seen the creation of over 1.6 million jobs during that time. In 2002 alone, economic growth reached about 3.3% and over 550,000 jobs were added to the economy. Add in mortgage rates that are near historical lows and MLS resales that hit a record for the second year straight and there is a very solid underpinning for the renovation market.

## Record levels on the resale market...again

The resale market reached record levels again in 2002. MLSTM<sup>SM</sup> resales exceeded 400,000 for the first time ever, hitting 421,227 sales and surpassing the previous record of last year by over 40,000 resales. Resales are an important driver of the renovation market. This relationship is borne out in the data as can be seen in the chart below. The historical correlation between renovation and home resales is strong since households generally do most of the renovation work within the first three years after buying.

**Renovation moves with resales**



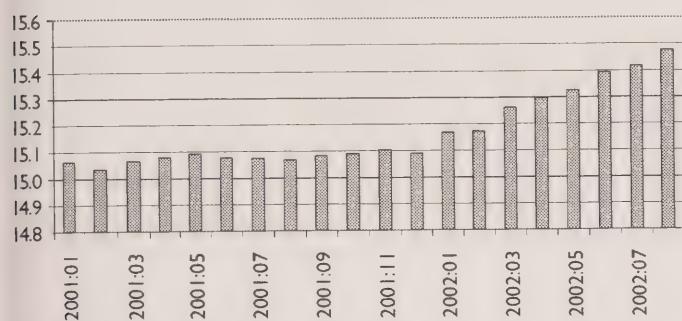
Source: CMHC, Canadian Real Estate Association, Statistics Canada

This year the level of resales will drop slightly from last year's record by a modest 4.5 per cent but will remain at a historically very high level of 401,900. This will in fact still be the second highest level ever recorded. There have been some years recently, which saw modest declines in resales but still saw growth in renovation activity, this happened most recently in 2000. The volume of sales will be high and will provide a solid foundation for the renovation market, as many of these homes will be undergoing renovations.

## Strong job growth a major boost

Renovations can be expensive. Steady income gains derived from solid job growth provide not only the financial strength to undertake renovation projects but also the confidence to go ahead with the major expenditure that they entail. Therefore the huge amount of jobs created in the past several months will be a major boost to the renovation market this year.

**Robust job creation,**  
Total Employment, Canada, millions



Source: Statistics Canada

## Atlantic: mixed results

A modest slowdown in job creation and cooling of the resale markets in the Atlantic region will cause growth in total renovation spending to slow in 2003.

Newfoundland will lead the region in renovation spending growth this year. The recent exceptional MLS sales activity in the region has occurred despite a chronic shortage of active listings over the past 18 months that has seriously limited the choice of homes available to prospective buyers. Consequently, over the past two record years, many buyers have ended up purchasing a home that does not suit their needs or tastes with the intention of renovating it later to make it more suitable.

## Quebec: very solid market

The resale market is still in good shape in Quebec and will remain high this year, though it will be down slightly from last year. Growth in employment has been very

strong and will contribute to growth rate in total renovation spending this year. However, a modest increase in interest rates will contribute to a slight reduction of renovation spending growth to 5.3 per cent in 2003. Total expenditures are expected to reach 6.3 billion dollars this year. This will be the first two consecutive years of growth greater than five per cent in eight years.

## Ontario: enduring strength

Ontario's economy will roll along despite the tentative U.S. economic recovery. A low Canadian dollar will encourage exports. Jobs, active resale home markets and high consumer confidence will boost total renovation spending this year. The only significant negative factor will be moderately higher borrowing costs, which will only slightly offset the impact of job growth on renovation spending. Total renovation spending will grow 5.5 per cent this year.

## Prairies: Alberta continues to lead the region

Alberta currently has the strongest economy in the region, thanks to the strength of the oil and gas industry. With the strong economy as a foundation, Alberta will continue to lead the Prairies in renovation spending this year, growing at a 2.6% clip.

Renovation spending in Saskatchewan will also be strong this year, growing at a rate of 2.5%. Manitoba will be the weakest of the three prairie provinces in 2003 with total renovation spending declining slightly by 0.5%.

## British Columbia: a significant increase

Right now British Columbia is among the weakest provinces in Canada in terms of economic growth. The forestry industry, currently under pressure due to U.S. tariffs, is a contributor to this weakness.

However, as British Columbia has the highest average home prices in Canada, renovation demand is higher in B.C. than in other provinces as renovation can be a less expensive way of upgrading a home.



**Renovation and construction expenditure**

		Renovation			Construction		
		2001	2002	2003	2001	2002	2003
Newfoundland	(\$ millions)	442	469	490	187	240	236
	(% change)	0.8	6.0	4.6	17.6	28.2	-1.6
P.E.I.	(\$ millions)	100	105	106	78	87	81
	(% change)	-3.0	5.3	0.6	2.8	10.8	-6.9
Nova Scotia	(\$ millions)	739	773	800	493	551	525
	(% change)	-6.3	4.6	3.4	3.4	6.0	-4.8
New Brunswick	(\$ millions)	560	577	589	359	379	378
	(% change)	-1.2	2.9	2.2	19.3	5.4	-0.2
Quebec	(\$ millions)	5622	5993	6308	3299	5023	5001
	(% change)	2.7	6.6	5.3	15.7	52.3	-0.4
Ontario	(\$ millions)	8899	9420	9938	10192	11978	12864
	(% change)	-1.2	5.9	5.5	6.3	17.5	7.4
Manitoba	(\$ millions)	686	703	700	345	375	368
	(% change)	-1.4	2.5	-0.5	5.2	8.6	-1.9
Saskatchewan	(\$ millions)	677	724	742	245	296	319
	(% change)	0.7	6.9	2.5	-12.9	20.6	8.0
Alberta	(\$ millions)	2244	2419	2483	3479	4497	4123
	(% change)	3.6	7.8	2.6	11.3	29.3	-8.3
British Columbia	(\$ millions)	3347	3598	3840	2583	3121	3577
	(% change)	7.4	7.5	6.7	11.6	20.8	14.6
Canada	(\$ millions)	23316	24782	25986	21260	26545	27471
	(% change)	1.3	6.3	4.9	9.0	24.9	3.5

Source: Statistics Canada, CMHC estimate 2002, forecast 2003.

**Renovation Expenditure Breakdown**  
**(millions of dollars and annual percentage change)**

	2001	2002	2003
Alterations & Improvements	17,290	18,510	19,469
%	1.3	7.1	5.2
Repairs	6,026	6,271	6,517
%	1.3	4.1	3.9

Source: Statistics Canada, CMHC estimate 2002, forecast 2003.

**CMHC Renovation Forecast Components**

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

**Alterations and improvements:** Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

**Repairs:** Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

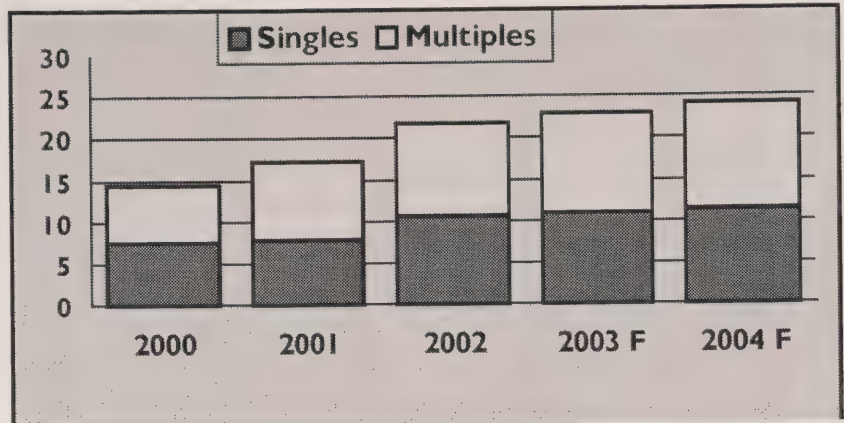
# British Columbia

## Overview

### Housing Demand Still Strong In BC

The outlook for the BC housing market is a continued expansion in 2003. This is due to several factors. First and foremost, the BC economy is expected to continue the recovery this year with increased job growth, particularly in the Vancouver area. Second, there continues to be a low level of housing inventories combined with strong demand from local buyers taking advantage of historically low mortgage rates. This implies that demand will have to be met by new construction. Third, there is increasing demand for BC housing among various international buyers, particularly those from the U.S. looking at resort properties and luxury condominiums in Vancouver. There is also interest from Pacific Rim buyers, mainly for condominiums with two or more bedrooms in Vancouver, Richmond and Burnaby.

### B.C. Starts (000's)



BC will retain its traditional standing as the second favorite choice, after Ontario, for international migrants. Yet, due primarily to the relative strength of other provinces, particularly Alberta, BC will be a net loser of interprovincial migrants for the sixth straight year. However, interprovincial migration will slow to a crawl this year, and on balance, BC will still be a net gainer of total migrants, which will help fuel the continuing housing expansion.

The continued housing expansion will bring British Columbia's housing starts to a level of 23,000 in 2003. This will be a 6.4 per cent increase from last year's pace and will be the highest level recorded since 1997. Starts will continue to rise in 2004, reaching 24,000 units.

## In Detail

**Single Starts:** Single starts are expected to rise by a modest 1.6 per cent this year. Low mortgage rates and high demand combined with reduced inventories will lead single detached builders to modestly accelerate production. Land supply constraints have pushed most single detached construction activity towards suburban and rural areas where large greenfield sites are available. Expect 10,900 singles starts this year.

**Multiple Starts:** Very low apartment inventory levels in the major urban centres of Vancouver and Victoria combined with low vacancy rates will spur construction of multiples. Expect multiple starts to grow by 11.1 per cent this year, to 12,100 units as planned projects break ground.

**Resales:** In the resale market lower-priced single detached homes will be popular with buyers looking to undertake substantial renovations within six to twelve months of the purchase. Low mortgage rates will

continue to induce homebuying throughout the province, but at a slower pace as mortgage rates creep up over the year. Total MLS™ resales will decline by 5.7 per cent this year.

**Prices:** Established neighbourhoods will demand the highest prices in the market. Prices will continue to rise in 2003, however at a slower pace than last year. The average price will grow by 2.5 per cent this year, reaching a level of \$245,000, the highest in Canada.

## Spotlight on Employment

Self-employed workers in the province have a significant impact on the overall economy, accounting for 20 per cent of all BC jobs. In fact, small business is a key growth area. Nearly 28 per cent of provincial GDP is derived from small business. This is not surprising when you consider that 98 per cent of all business in BC is small business, representing 58 per cent of private sector employment. In the wake of weak intraprovincial migration, BC's entrepreneurial economy is key to provincial growth.



# Alberta

## Overview

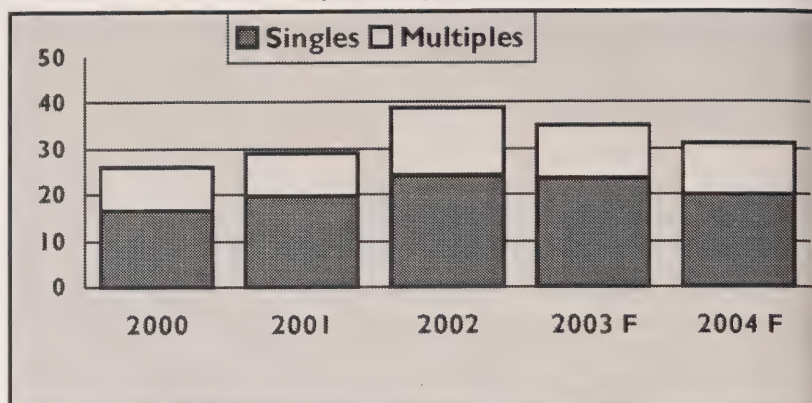
### Top economic performer

The Alberta economy will be a top performer in 2003 and 2004. However the housing market will slow from last year's torrid level of activity due to rising interest rates and house prices. Yet, the market will remain very strong relative to the recent past.

A resurgence of investment in the energy sector combined with a better U.S. economy will set the stage for a powerful expansion over the next two years. Expect annual economic growth to exceed four per cent over the forecast period. This will place Alberta as the top economic performer in Canada, a position it has held in two of the past three years.

Labour market conditions will reflect the strong economic growth. An additional 85,000 jobs will be created from 2002 to 2004. Given its strong job market and

## Alberta Starts (000's)



favourable wage and tax environment relative to the other provinces, Alberta will remain a top destination choice for migrants seeking jobs. Recent trends point to continued inflows of migrants from other provinces. However, interprovincial migration will begin to moderate this year as the economies and employment conditions in other provinces improve. Therefore total migration will be somewhat weaker than last year, contributing to the forecasted decline in housing starts this year.

Alberta's housing starts will reach a level of 35,100 in 2003 and 31,200 units in 2004. This performance will be well above the past five-year average of about 29,000 units.

## In Detail

**Single Starts:** Single-detached starts will decline from last year's record level and will reach 23,500 units. While the forecast for this year will fall short of last year's peak, it will still be very high from a historical standpoint as it will be the third best performance on record.

**Multiple Starts:** The pace of rental construction is expected to slow this year after last year's massive growth. The continued strength of the condominium market will result in multiple starts recording the second highest level recorded since 1982, reaching 11,600 units.

**Resales:** Home resales will decline by 4.0 per cent from last year's record level, but will still be the second highest level ever recorded, reaching a level of 49,000 resales. The combination of historically low, albeit rising, mortgage rates and a solid job market will continue to encourage many of Alberta's renter households to become owner households. Though interest rates are

expected to rise during the course of the year, mortgage rates will still be low and this trend will continue this year.

**Prices:** Strong demand combined with a relative lack of listings will push resale prices higher over the next year. Growth in prices will not be as strong as in 2002 but by the end of the year the average MLS price will have grown by 3.4 per cent to reach a level of \$176,000.

## Provincial Highlight

**Multiple starts in Edmonton last year (5,721) exceeded levels recorded in Calgary (4,926). This was the first time since 1994 that multiple starts in the Edmonton CMA exceeded those of the Calgary CMA.**

**A strong proportion of these starts, much more than the recent historical average, are slated for rental tenure. From 1990 to 2000, about 17 per cent of the multi-family starts in Edmonton were built as rental units. Recently, this share has increased to over 36 per cent.**

# Saskatchewan

## Overview

### Economic recovery will continue

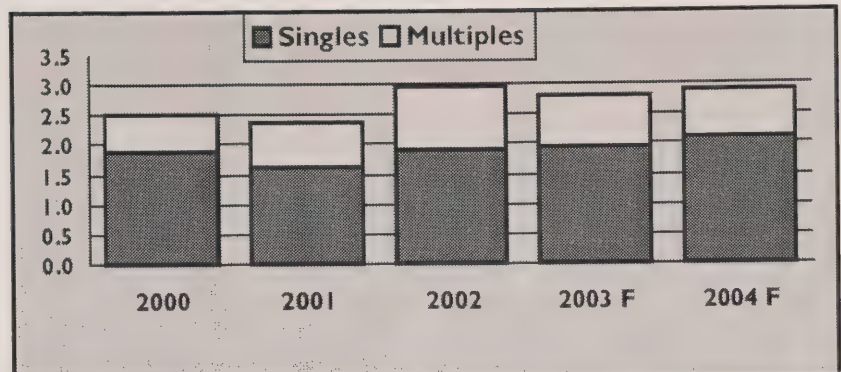
Due to the improving economic situation, the housing market in Saskatchewan will remain firm over the next 24 months.

The economy will grow at an average annual rate of 2.3 per cent from 2002 to 2004.

Economic growth will be underpinned by a stronger performance in the agriculture and oil and gas sectors. The agriculture sector will finally benefit from improved crop yields and a healthier price outlook, while high oil and gas prices should lead to increased exploration and development activity.

The improving economic climate will mean job creation will be positive again this year, though less so than last year. Because of the recently slumping agricultural sector, caused by persistently dry conditions across the province, total employment will only return to the levels last reached in 2000. By the end of

## Saskatchewan Starts (000's)



2004, total employment in the province is expected to approach the 500,000 mark.

Moderate employment and wage growth prospects when compared to Alberta will result in a loss of people to its western neighbor. More migrants are expected to leave Saskatchewan than any other province. However, this has been the case for four years running, and therefore the negative impact on the housing market will be similar to previous years.

In 2002, total starts posted their best performance since 1999. In 2003, starts activity is expected to dip by about 1.3 per cent to 2,925 units. This will be the second best performance since 1999. In 2004, construction activity will remain stable, reaching 2,900 units.

## In Detail

**Single Starts:** Overall activity will remain flat this year due to the sluggish performance of the smaller centres. Healthy gains in employment in Regina and Saskatoon are driving the demand in these cities. Smaller centres will have to wait for a recovery, due to the weak agricultural sector that dominates these communities and is only expected to rebound this year. For the province as a whole, expect a total of 2000 new units.

**Multiple Starts:** The multiples market in Saskatchewan has evolved from the luxury apartment style unit appealing mainly to retirees, to the affordable row housing unit that attracts a wider range of buyers. This broader based demand means that the multiples market will experience continued growth this year, reaching 925 units. Multiples will account for all of the growth in starts in the province.

**Resales:** A scarcity of good quality, affordable listings continues to hinder the resale market. Mortgage rates that are

expected to rise moderately during the year will not help this situation, and MLS sales will slip 5.5 per cent this year to 7,500 resales.

**Prices:** Resale prices will rise 3.7 per cent to \$105,000 this year as job growth continues and consumers place increasing pressure on the limited amount of listings. The average price of new housing will grow slowly as builders place more emphasis on affordable housing units.

## Provincial Highlight

**Information provided by the New Home Warranty Program of Saskatchewan allows us to calculate the average size of the new homes built in Saskatchewan. This, in turn, may provide us with some insight into changing consumer tastes.**

**Analysis indicates that in the period 1996 to 2001, the average size of housing units has fallen 5.5 per cent in Saskatoon and about 1.5 per cent in Regina. Since Regina already tends to have smaller homes, this may explain some of the difference between the two cities. This trend toward down sizing is expected to persist this year.**



# Manitoba

## Overview

### Modest decline expected

With mortgage rates forecasted to rise through the next 24 months, activity in the housing sector will slow down from the 2002 level, moving down to the levels of the late 1990s.

Typically, new home construction and MLS sales trail employment growth by one year. Given last year's growth in employment, one might thus expect this to have a positive impact on housing activity in 2003. However, a majority of the new jobs that have been created are in the lower earning retail trade sector. The average for weekly earnings in the retail trade sector is about \$420, well below the average weekly earnings for all industries at about \$586. The prevailing conditions will have a modest negative impact on homeownership demand and a positive one on rental demand as lower earning households have a weaker capacity to generate a down payment for a home.

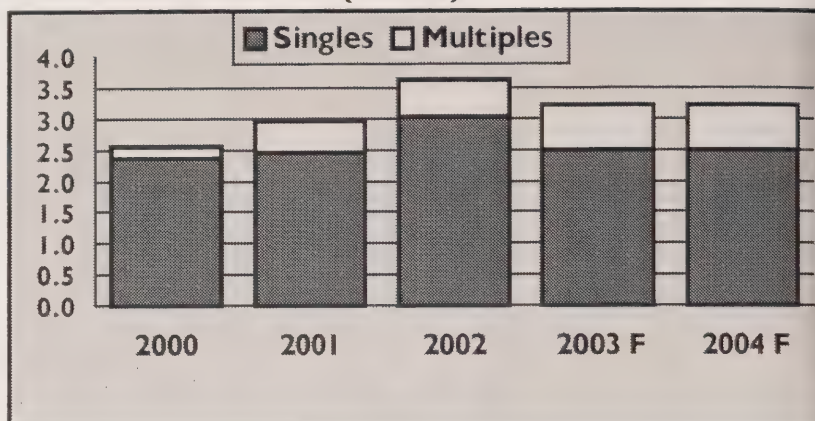
## In Detail

**Single Starts:** About half of the new construction will take place in Winnipeg Census Metropolitan Area (CMA), with the most significant gain taking place in units priced below \$200,000. Starts will edge lower this year, to 2,500 units as mortgage rates move upward. Due to higher cost of owning a home, units priced above \$200,000 will lose share to homes priced between \$150,000 and \$200,000.

**Multiple Starts:** The majority of demand for multi-family units will continue to come from the life-lease market that serves the housing needs of individuals 55 years of age and over. Multiple starts will move upward in 2003 as new units come on line later in the year because of the recently signed federal-provincial affordable housing agreement. In 2003, the multiples market is poised to have its best performance since 1999 as 700 units are expected.

**Resales:** MLS sales growth will experience a slight decline to 10,800 units this year. This

## Manitoba Starts (000's)



Manitoba will continue to lose people to the rest of Canada. With total migration levels expected to remain negative, household growth will remain weak and employers will have difficulties filling vacant jobs. Thus, demographics will not be supportive of an increase in housing demand.

Overall, expect total housing starts in Manitoba to be close to the average of the past five years. Total starts across the province will fall to 3,200 units this year, a decline of 11.5 per cent after two years of double-digit growth. In 2004, growth will be flat as starts are anticipated to remain at 3,200 units.

is due to weaker expected income gains and the impact of rising mortgage rates on homeownership costs.

**Prices:** In 2002, increased market share of units at the higher end of the price spectrum put upward pressure on prices. However, price growth will moderate this year due to softening demand. Expect ML prices to rise by 1.9 per cent to \$98,500.

## Provincial Highlight

**The future of Motor Coach Industries' (MCI) bus manufacturing facility in Winnipeg appears to be secure.**

**Union concessions combined with a \$20 million government incentive package will keep the once-threatened manufacturing facility in Winnipeg. An initial \$10 million expansion will be built to consolidate much of MCI's North American operations.**

**The expansion will create a minimum of 500 new jobs in Winnipeg over the short-term. Many production processes will be relocated from the company's Mexico plant to Winnipeg.**



# Ontario

## Overview

### Low rates spur home demand

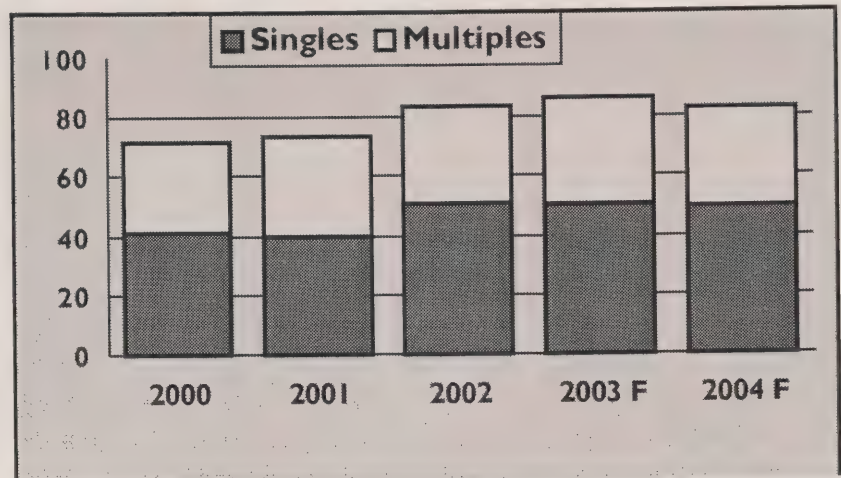
In 2002 Ontario's level of housing starts was the highest since 1989. This year's starts will be higher still as low interest rates, jobs and over a decade of high immigration lift housing demand, keep resale home markets tight and keep the pressure up on home construction.

Many of Ontario's leading economic indicators are neutral or positive, suggesting continued strength in the economy through this year. For example, retail sales and automobile sales continue to be strong and consumers are still feeling confident.

Jobs are crucial to housing demand, as they provide both the income and therefore the confidence to buy a house. Employment in the province is expected to grow at a healthy 2.5 per cent clip, continuing the momentum of last years strong growth.

Net migration to Ontario has been extremely strong over the last couple of

## Ontario Starts (000's)



years and has now edged down. Demographic demand for housing will continue to be solid for a while, since new arrivals to the province take several years to become established and purchase a home. Immigration will increase along with Canada's rising immigration target levels. Most immigrants choose Toronto for its established social and ethnic networks. Job seekers from other parts of Canada, however, will dwindle as employment prospects elsewhere grow.

The overall economic and demographic picture suggests that the expansion in the Ontario housing market will continue into this year. Ontario's housing starts will reach a level of 86,000 in 2003, a gain of three per cent over last year's level. Starts will decline in 2004 and reach 82,500 units.

## In Detail

**Single Starts:** Low mortgage carrying costs and consumer confidence are sustaining demand. Single starts are expected to edge down to 50,500 units. A moderate rise in mortgage carrying costs will be the main cause.

**Multiple Starts:** Multiple starts will grow again in 2003, rising by 9.3 per cent over 2002 levels to 35,500 units. Inventories of newly completed and unoccupied multiples are low, which implies that demand must be met with new construction. Rental construction is low and should get a boost from government assistance to affordable rental projects.

**Resales:** Home shoppers are out in force and MLS resales will remain high from a historical standpoint. However, resales will decline to 176,000 sales as interest rates and house prices rise.

**Prices:** In ten of the province's biggest cities, the sales-to-new listings ratio is higher than 50 per cent; a range that suggests continued increases in the average MLS house price this year. However the rate of price growth is expected to slow somewhat from last year's pace, growing by 5.8 per cent to a level of \$223,000.

## Provincial Highlight

Ontario's 2002 average vacancy rate rose on the tail of four consecutive years of decline. The province's average vacancy rate moved up to 2.7 per cent in October 2002 from 1.7 per cent a year ago. Ontario's average two bedroom apartment rent rose by 2.3 per cent, which was commensurate with the general Consumer Price Index inflation rate.

Three factors were responsible for the dip in rental demand: the loss of jobs in the younger renter aged population in 2001, lower net migration to the province and shifts to home-ownership induced by affordable mortgage rates.



# Quebec

## Overview

### Environment still favourable in 2003

In 2002, the Quebec housing sector was marked by several key factors impacting demand. Since these factors brought about over 40,000 housing starts, the levels should be similar in 2003, as the underlying environment will remain favourable overall.

For the economy, the factors that fuelled growth in 2002 will continue to do so in 2003. First, with many new jobs and higher incomes, consumers will remain confident and continue to spend. Benefiting from more favourable conditions, investment (both public and private) will keep rising. External trade will be buoyed up by the recovery in the United States, along with an exchange rate conducive to exports, but will still be waiting for the contribution of some major sectors (air transport, certain high technology niches). As a

## In Detail

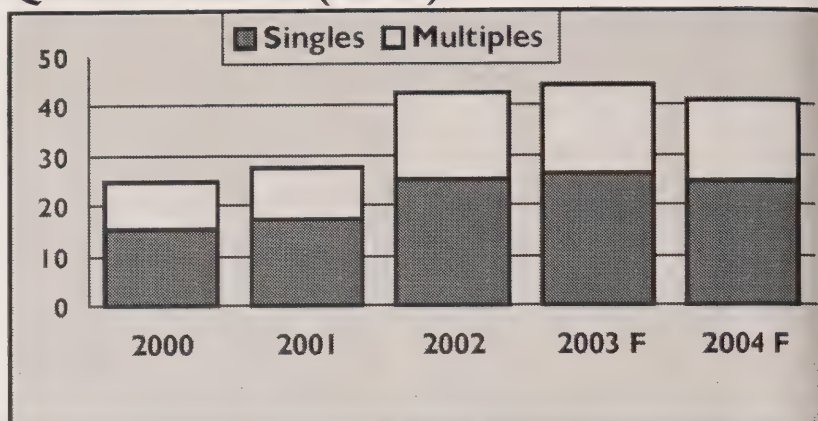
**Single Starts:** The above-mentioned factors, and the delayed effect of some of these variables on demand, will support single-family home building, and starts should reach 26,500 units in 2003.

**Multiple Starts:** Given the persistently tight rental market (with vacancy rates in Montréal, Québec and Gatineau still below the 1-per-cent mark in 2002), the continued appeal of condominiums, and a steady demand on the retirement home market (also tight), multiple housing construction in Quebec should reach a level of 17,500 starts in 2003.

**Resales:** Following a significant increase in sales last year, and although the low mortgage rates will continue to favour this market, the fact that choice remains limited on the existing home market will cause MLS sales to reach 61,500 units in 2003.

**Prices:** While demand for existing homes, which is still strong, continues to face a relative lack of listings, the resale market will remain favourable to sellers, and pressure will continue to be felt on prices. We are consequently expecting the average price to surpass \$138,000 in 2003.

## Quebec Starts (000's)



result, we expect a GDP growth rate of 3.3 per cent in 2003.

Job creation will remain positive over the next few years, despite a more moderate rate of growth, and the unemployment rate will hover around 8.4 per cent in 2003. With mortgage rates expected to rise marginally next year, a steady housing demand remains quite likely in 2003.

As well, this demand will face a continued weak supply on the resale and rental markets, which will stimulate construction. Finally, with net migration levels on the rise, the residential construction sector should post around 44,000 starts in 2003.

## Provincial Highlight

The Statistics Canada 2001 Census results concerning Quebec households revealed some indispensable features for the analysis of the housing markets in this province: households are more numerous but getting older, regional growth rates are varied, and the share of renter households remains significant.

The number of households in Quebec rose by about 6 per cent over 1996 and reached nearly 3 million, or around 26 per cent of the Canadian total. The growth rates varied at the metropolitan area level. The Gatineau-Hull and Sherbrooke areas posted the highest rates (9.1 per cent and 7.6 per cent, respectively), followed by Montréal and Québec (6.9 per cent and 5.7 per cent), while Chicoutimi-Jonquière and Trois-Rivières showed the lowest growth rates (3.8 per cent and 3.3 per cent, respectively). The results by age group revealed that the proportion of households aged over 35 years increased since 1996. The median age in Quebec attained 38.8 years, up by 2.6 years over the last census.

As for tenure options, Quebec posted a homeownership rate of 56 per cent in 2001 (down by 1 per cent from 1996), compared to the national average of 66 per cent, and it had the lowest proportion of single-family homes (41.7 per cent versus 57.4 per cent for Canada). Likewise, 43.2 per cent of households in Quebec live in apartments, compared to 27.1 per cent across the country.



# New Brunswick

## Overview

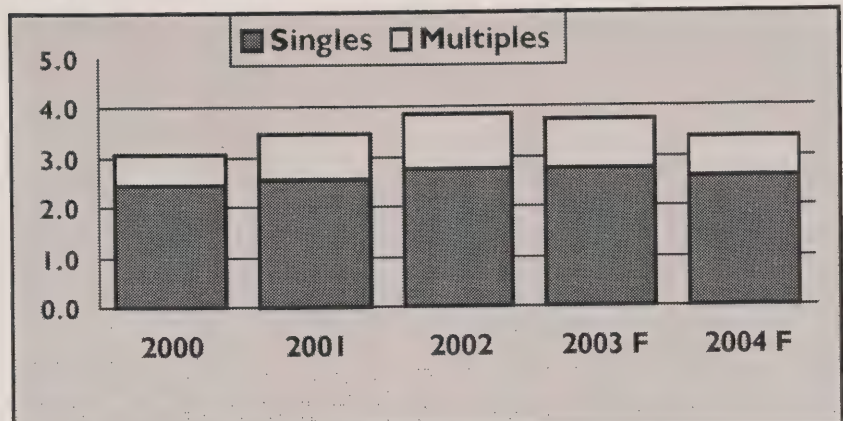
### Housing starts will plateau

The housing market in New Brunswick will still be strong this year, but will experience a slight decline. This is primarily due to a decline in rural single starts and fewer multiple starts in urban centres.

With a tentative U.S. economic recovery, the province's economy is expected to grow by 2.8 per cent this year, weaker than last year's rate. Substantial investments in the Irving Refinery Canaport terminal, and the refurbishment of the Coleson Cove and Point Lepreau generating stations will contribute to economic growth.

A strong services sector combined with the province's growing capabilities in the area of communication and information services will also support to economic growth.

## New Brunswick Starts (000's)



Moderate economic growth this year will still generate employment gains. Employment should grow by 1.8 per cent in 2003. This should help bring the unemployment rate down to 10.3 per cent this year.

Attractive labour market conditions will help draw in migrants from both the rest of Canada and abroad. This inflow will occur for the second year running and will provide a positive impact on the housing market this year.

Overall, housing starts in New Brunswick should reach 3,750 units, a decline of 2.9 per cent from last year's level. Starts will decline further in 2004, reaching a level of 3,400 units.

## In Detail

**Single Starts:** Low mortgage rates combined with tight resale market conditions in all three larger urban centres will continue to support strong levels of single starts this year, particularly in Moncton. However, the construction of single-detached homes in rural areas will be weaker. Our current forecast is 2,750 single starts in 2003, a slight decline from last year.

**Multiple Starts:** Continued strength in multiples in both Saint John and Fredericton will be offset by a pull back from last year's 30 year high in Moncton multiple starts. Multiple starts will reach 1,000 units this year, just below 2002 levels.

**Resales:** 2002 was a record year. There is no indication that 2003 will not maintain the trend: demand remains strong and mortgage rates will remain low in historical terms, though they will begin to move up. Strong levels of in-migration in Fredericton and Moncton will stimulate sales, particularly in Fredericton where listings are abundant. MLS resales will reach a level of 5,350.

**Prices:** Despite the tight resale market conditions in much of southern NB, a greater share of existing homes will be sold to people moving from northern NB (where the average price is \$62,000). When these people purchase homes in southern regions, they will opt for homes under \$100,000. This will cause the average MLS price to rise at a slower pace. The average sale price is expected to rise one per cent to a level of \$100,000 this year.

## Spotlight on METRO MONCTON

**Record employment levels, a shortage of rental units, low mortgage rates and strong migration are all factors which will sustain housing demand, primarily for single starts, over the next year. Metro Moncton will continue to attract a large number of people from northern New Brunswick due to weaker economic conditions in this region. Improved accessibility to the region, thanks to the new four-lane highway between Moncton and Fredericton and the new airport, will also stimulate economic growth in the longer term. In short, realtors and builders in Metro Moncton will remain busy over the near term.**



# Nova Scotia

## Overview

### Housing demand to weaken in 2003

Housing starts in Nova Scotia will weaken in 2003 as the consumer side of the economy begins to slow. Consumers are still expected to drive provincial economic growth this year as they have over the past 18 months. However, with interest rates expected to rise modestly over the course of the year, and growth in employment expected to be moderate, consumer demand will weaken during the year.

Fortunately, a strong rebound in business investment is expected as Tier II of the Sable Offshore Energy project proceeds along with the Halifax Harbour Clean-Up. This will offset a decline in the trade and consumer sectors, providing the momentum required for continued economic expansion in Nova Scotia in 2003 when GDP growth should be 3.4 per cent.

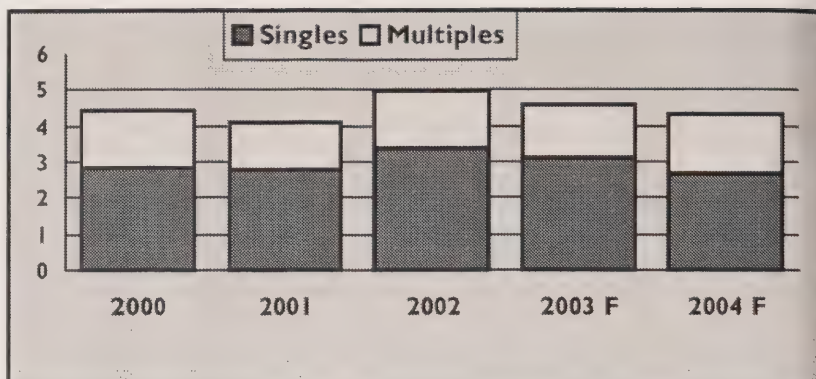
## In Detail

**Single Starts:** With ownership demand expected to slide over the next twelve months due to both mortgage rates and house prices increasing, the pace of single housing starts are forecast to slow as the year progresses, slipping to 3,100 units this year.

**Multiple Starts:** A reduced level of rental apartment starts is forecast to result in a seven per cent contraction in total multiple starts to a level of 1,475 units this year. However, more developers are expected to test the burgeoning condominium market in Metro Halifax.

**Resales:** in 2002 MLS resales set an annual record for the third time in the past four years. However, momentum in sales activity has slowed in recent months, foreshadowing an expected decline in MLS sales compared to 2002 levels. Expect 9,600 resale transactions to occur this year.

## Nova Scotia Starts (000's)



Moderate employment gains will cause a net positive inflow of migrants into the province this year. Most of these people will be from abroad as the province will continue to lose people to other provinces with better economic conditions. The migration picture will provide modest support to the housing market.

Overall, housing market activity is expected to slow this year. Low mortgage rates, rising house prices and a resilient labour market encouraged home buyers to accelerate their purchase plans last year. Consequently, a substantial amount of demand was exhausted in 2002 that would otherwise have stimulated the housing market this year. Expect total housing starts to reach 4,575 units this year. In 2004 starts will decline to 4,300 units.

**Prices:** With housing demand still in excess of supply, MLS price growth is expected to continue, but slower than in 2002 as housing demand weakens during the year. Expect MLS price growth of 3.0 per cent this year. New house prices will continue to increase steadily due primarily to a shortage of serviced building lots and rising development charges.

## Spotlight on Manufacturing

The manufacturing sector accounts for roughly 11 per cent of GDP and 11 per cent of total employment in Nova Scotia. While these shares are smaller than for Canada overall, manufacturing is crucial to the Nova Scotia economy, particularly in rural and smaller urban areas. Companies such as Michelin Tires, Trenton Works, Bowater Mersey Paper, National Sea Products, Stora Enso and Stanfield's provide a large number of full-time jobs that are instrumental in maintaining healthy housing markets in areas such as Northern Nova Scotia, the Annapolis Valley, South Shore and Cape Breton.

# PE.I.

## Overview

### Starts will be down after excellent 2002

After an excellent year in 2002 the Island's housing market will experience a pullback this year due to more moderate economic growth. The agriculture industry is expected to continue its growth this year, due to a normal yield of potatoes and no trade disputes with the US. Fish landings should experience improvement in activity after several years of decline. This will boost the secondary food processing industries, and will help the province post moderate gains in overall manufacturing output. Tourism is also expected to increase this year, due to the Island's close proximity to the US, a low Canadian dollar, and its image as a safe family destination. The rate of economic growth in PEI is expected to be 2.5 per cent in 2003.

Employment and labour force growth on the Island is expected to remain positive

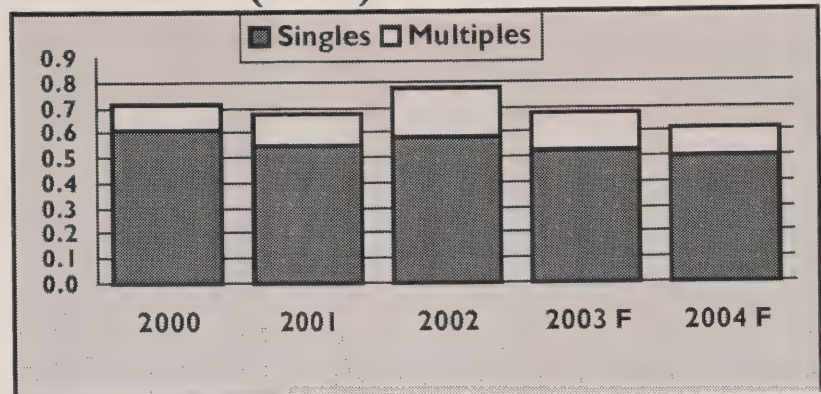
## In Detail

**Single Starts:** The construction of single-family homes is expected to reach a level of 525 units this year, a decline of 57 units from 2002 levels. This is primarily due to moderate economic growth and is expected given the pace of growth over the past four years.

**Multiple Starts:** The low vacancy rate on the Island during the past few years has convinced developers that the time is right to build this type of housing. There has been a sharp increase in developers building high end rental units targeted to empty-nesters and young professionals. Following a sharp increase in multiple starts in 2002, the 2003 level is expected to decrease slightly, we expect 150 units this year, a decline of 43 from 2002 levels.

**Resales:** MLS sales have remained around the 1,200 mark in PEI for the last four years. This level of sales is expected again in 2003, despite a strong demand for existing homes.

## P.E.I. Starts (000's)



this year, however the construction industry will not provide as many jobs this year since non-residential construction is expected to weaken. Employment is expected to grow 1.5 per cent this year.

Although economic and employment growth will not be outstanding, PEI will still manage to draw in more migrants from abroad and the rest of Canada for the third consecutive year. However, the total number of migrants will be relatively small and have only a moderate impact on the housing market this year.

On balance, moderate economic activity and migration will not be enough to offset the impact of mortgage rates rising throughout the year. Expect total housing starts in PEI to reach a level of 675 this year, down from 775 in 2002. In 2004 starts will reach a level of 610 units.

The main reason this stability in sales has been the low levels of listing in the key urban markets.

**Prices:** The continued strong demand for existing homes in the urban areas of the province and for recreational type properties (which tend to be more expensive) combined with a decrease in listings will cause the average MLS resale price to rise to \$96,000 this year, a modest growth rate of 0.9 per cent.

## Spotlight on Multiple Construction in Charlottetown

Over the past few years, the tenure of new multiple structures in Charlottetown has been changing from rental to home ownership. In 1995, none of the multiple units built were for the home ownership market, while recently this share peaked at 43 per cent of units for ownership. This affects the type of units being built, which are changing from apartments to duplex and semi-detached style buildings.



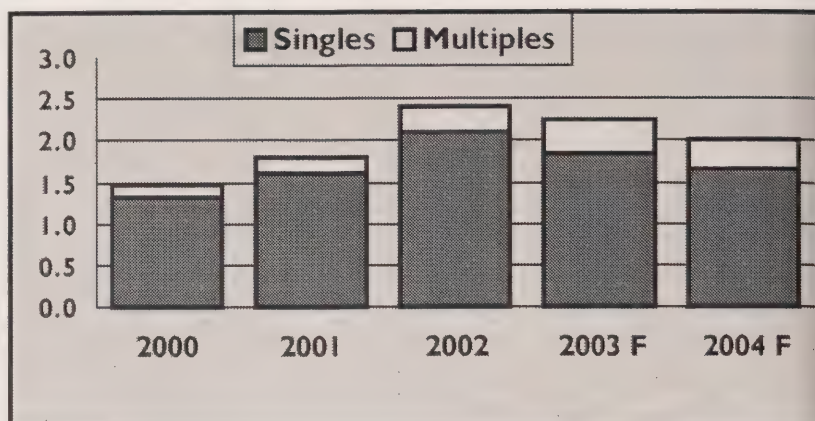
# Newfoundland and Labrador

## Overview

### Economic and housing activity to slow from 2002's torrid pace

Housing activity will slow this year as economic growth cools from last year's rapid pace. Though the boost from last year's jump in oil production at Hibernia and Terra Nova will not be repeated, prospects for 2003 remain positive with GDP forecast to grow by a robust 3.5 per cent. Indeed, the provincial economy will be further bolstered by development expenditures on the White Rose project (offshore oil) that will gather steam, particularly during the second half this year. The commencement of Voisey's Bay (mining) will also play a key role in maintaining economic momentum. The impacts from these projects will be felt this year and beyond as development activities and employment levels rise. Growth in employment will continue this

## Newfoundland and Labrador Starts (000's)



year, with new jobs forecast to increase by 1.5 per cent.

Despite the continued loss of people to other parts of Canada, ongoing strength in the St. John's economy will draw in migrants and will stem the tide of migrants leaving the province, therefore moderating the negative impact of people leaving the province.

When combined with job gains, income growth and historically low mortgage rates will keep housing demand at high levels. Total starts are expected to decrease to a level of 2,250 units, though this will be the second highest level since 1993. Starts will reach a level of 2,000 next year.

## In Detail

**Single Starts:** Historically low, though rising mortgage rates, solid employment growth and limited choice in the existing homes market are stimulating single-detached activity. Urban centres continue to be the main engine behind growth. Ongoing uncertainty over the future of the fishery combined with the continued exodus during the previous decade will constrain rural areas. Therefore singles are expected to experience a modest decline this year, falling to 1,850 units.

**Multiple Starts:** With the population aging and rental demand growing, multiple starts will continue to increase, maintaining a trend which began in 2001. While demand for condos will remain strong, expect both apartment and row housing construction to pick up as well. An expected return of public sector investment will also generate some new rental stock. Expect 400 new units this year.

**Resales:** With mortgage rates expected to rise during the year and a portion of future

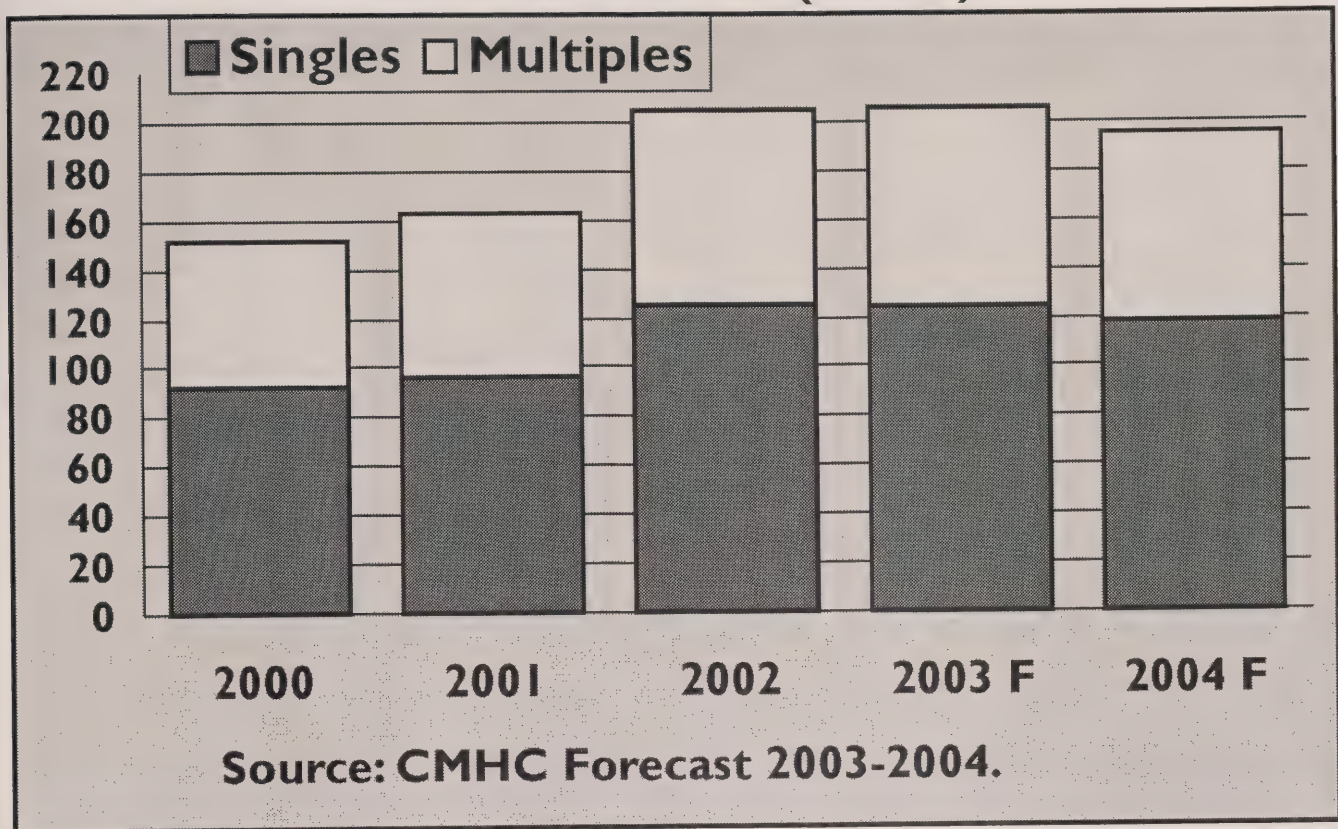
demand already satisfied, a modest decline in MLS resales to a level of 2,900 is forecast.

**Prices:** As demand moderates and more listings are brought to market due to recent price increases, expect the pace of growth in the average MLS price to slow from last year. The average MLS price is expected to rise 3.5 per cent to \$117,000.

## Spotlight on Voisey's Bay

On October 7, 2002, the provincial legislature approved a Statement of Principles with Inco Limited to develop Voisey's Bay. Over the 30-year life of the project, employment benefits are estimated to be 76,000 direct and indirect person-years with total capital investment of \$2.9 billion. Initial plans call for a mine and mill/concentrator processing facility at Voisey's Bay. Activity will increase significantly in 2003. Other plans call for a hydromet demonstration plant to be built in Argentia commencing in mid 2004 and employing 200 people during the four-year construction phase. Over the short to medium term, speculative activity will place upward pressure on real estate values. Demand for new, existing and rental housing is also expected to increase, particularly in Argentia as well as communities located in Labrador.

# Canada Starts (000's)



## Total Housing Starts (units and annual percent change)

	1998	1999	2000	2001	2002	2003(F)	2004(F)
<b>NFLD</b>	1450	1371	1459	1788	2419	2250	2000
%	-14.5	-5.4	6.4	22.5	35.3	-7.0	-11.1
<b>PEI</b>	524	616	710	675	775	675	610
%	11.5	17.6	15.3	-4.9	14.8	-12.9	-9.6
<b>NS</b>	3137	4250	4432	4092	4970	4575	4300
%	-17.7	35.5	4.3	-7.7	21.5	-7.9	-6.0
<b>NB</b>	2447	2776	3079	3462	3862	3750	3400
%	-9.4	13.4	10.9	12.4	11.6	-2.9	-9.3
<b>QUE</b>	23138	25742	24695	27682	42452	44000	41000
%	-10.7	11.3	-4.1	12.1	53.4	3.6	-6.8
<b>ONT</b>	53830	67235	71521	73282	83597	86000	82500
%	-0.4	24.9	6.4	2.5	14.1	2.9	-4.1
<b>MAN</b>	2895	3133	2560	2963	3617	3200	3200
%	10.8	8.2	-18.3	15.7	22.1	-11.5	0.0
<b>SASK</b>	2965	3089	2513	2381	2963	2925	2900
%	7.5	4.2	-18.6	-5.3	24.4	-1.3	-0.9
<b>ALTA</b>	27122	25447	26266	29174	38754	35100	31200
%	14.6	-6.2	3.2	11.1	32.8	-9.4	-11.1
<b>BC</b>	19931	16309	14418	17234	21625	23000	24000
%	-32.1	-18.2	-11.6	19.5	25.5	6.4	4.3
<b>CAN</b>	137439	149968	151653	162733	205034	*205500	*195100
%	-6.5	9.1	1.1	7.3	26.0	0.2	-5.1

Source: CMHC Forecast 2003-2004.

(F) Forecast.

\* Total does not add due to rounding.



### Single-detached Starts (units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
<b>NFLD</b>	<b>1086</b>	<b>1233</b>	<b>1315</b>	<b>1598</b>	<b>2092</b>	<b>1850</b>	<b>1650</b>
%	-11.0	13.5	6.7	21.5	30.9	-11.6	-10.8
<b>PEI</b>	<b>387</b>	<b>472</b>	<b>614</b>	<b>551</b>	<b>582</b>	<b>525</b>	<b>500</b>
%	3.5	22.0	30.1	-10.3	5.6	-9.8	-4.8
<b>NS</b>	<b>2257</b>	<b>3345</b>	<b>2856</b>	<b>2761</b>	<b>3363</b>	<b>3100</b>	<b>2700</b>
%	-23.2	48.2	-14.6	-3.3	21.8	-7.8	-12.9
<b>NB</b>	<b>1989</b>	<b>2201</b>	<b>2442</b>	<b>2573</b>	<b>2769</b>	<b>2750</b>	<b>2600</b>
%	-6.4	10.7	10.9	5.4	7.6	-0.7	-5.5
<b>QUE</b>	<b>14685</b>	<b>15798</b>	<b>15349</b>	<b>17193</b>	<b>25257</b>	<b>26500</b>	<b>25000</b>
%	-8.6	7.6	-2.8	12.0	46.9	4.9	-5.7
<b>ONT</b>	<b>32737</b>	<b>39421</b>	<b>41087</b>	<b>39632</b>	<b>51114</b>	<b>50500</b>	<b>49500</b>
%	-7.5	20.4	4.2	-3.5	29.0	-1.2	-2.0
<b>MAN</b>	<b>2368</b>	<b>2231</b>	<b>2348</b>	<b>2460</b>	<b>3016</b>	<b>2500</b>	<b>2500</b>
%	17.3	-5.8	5.2	4.8	22.6	-17.1	0.0
<b>SASK</b>	<b>2154</b>	<b>2070</b>	<b>1890</b>	<b>1627</b>	<b>1931</b>	<b>2000</b>	<b>2100</b>
%	10.2	-3.9	-8.7	-13.9	18.7	3.6	5.0
<b>ALTA</b>	<b>20077</b>	<b>16688</b>	<b>16835</b>	<b>19769</b>	<b>24520</b>	<b>23500</b>	<b>20000</b>
%	10.5	-16.9	0.9	17.4	24.0	-4.2	-14.9
<b>BC</b>	<b>8691</b>	<b>8731</b>	<b>7448</b>	<b>7862</b>	<b>10730</b>	<b>10900</b>	<b>11300</b>
%	-32.7	0.5	-14.7	5.6	36.5	1.6	3.7
<b>CAN</b>	<b>86431</b>	<b>92190</b>	<b>92184</b>	<b>96026</b>	<b>125374</b>	<b>*124100</b>	<b>*117900</b>
%	-7.2	6.7	0.0	4.2	30.6	-1.0	-5.0

Source: CMHC Forecast 2003-2004

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
<b>NFLD</b>	<b>364</b>	<b>138</b>	<b>144</b>	<b>190</b>	<b>327</b>	<b>400</b>	<b>350</b>
%	-23.5	-62.1	4.3	31.9	72.1	22.3	-12.5
<b>PEI</b>	<b>137</b>	<b>144</b>	<b>96</b>	<b>124</b>	<b>193</b>	<b>150</b>	<b>110</b>
%	42.7	5.1	-33.3	29.2	55.6	-22.3	-26.7
<b>NS</b>	<b>880</b>	<b>905</b>	<b>1576</b>	<b>1331</b>	<b>1607</b>	<b>1475</b>	<b>1600</b>
%	0.7	2.8	74.1	-15.5	20.7	-8.2	8.5
<b>NB</b>	<b>458</b>	<b>575</b>	<b>637</b>	<b>889</b>	<b>1093</b>	<b>1000</b>	<b>800</b>
%	-20.6	25.5	10.8	39.6	22.9	-8.5	-20.0
<b>QUE</b>	<b>8453</b>	<b>9944</b>	<b>9346</b>	<b>10489</b>	<b>17195</b>	<b>17500</b>	<b>16000</b>
%	-13.9	17.6	-6.0	12.2	63.9	1.8	-8.6
<b>ONT</b>	<b>21093</b>	<b>27814</b>	<b>30434</b>	<b>33650</b>	<b>32483</b>	<b>35500</b>	<b>33000</b>
%	13.0	31.9	9.4	10.6	-3.5	9.3	-7.0
<b>MAN</b>	<b>527</b>	<b>902</b>	<b>212</b>	<b>503</b>	<b>601</b>	<b>700</b>	<b>700</b>
%	-11.1	71.2	-76.5	137.3	19.5	16.5	0.0
<b>SASK</b>	<b>811</b>	<b>1019</b>	<b>623</b>	<b>754</b>	<b>1032</b>	<b>925</b>	<b>800</b>
%	1.0	25.6	-38.9	21.0	36.9	-10.4	-13.5
<b>ALTA</b>	<b>7045</b>	<b>8759</b>	<b>9431</b>	<b>9405</b>	<b>14234</b>	<b>11600</b>	<b>11200</b>
%	28.1	24.3	7.7	-0.3	51.3	-18.5	-3.4
<b>BC</b>	<b>11240</b>	<b>7578</b>	<b>6970</b>	<b>9372</b>	<b>10895</b>	<b>12100</b>	<b>12700</b>
%	-31.6	-32.6	-8.0	34.5	16.3	11.1	5.0
<b>CAN</b>	<b>51008</b>	<b>57778</b>	<b>59469</b>	<b>66707</b>	<b>79660</b>	<b>*81400</b>	<b>*77300</b>
%	-5.3	13.3	2.9	12.2	19.4	2.2	-5.0

Source: CMHC Forecast 2003-2004.

(F) Forecast.

\* Total does not add due to rounding.

## Multiple Housing Starts by Type (Units)

		1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NF	Semi-detached	163	50	44	30	36	60	100
	Row	20	9	23	36	42	60	50
	Apartment	181	79	77	124	249	280	200
	Total	364	138	144	190	327	400	350
PEI	Semi-detached	28	32	46	56	64	40	40
	Row	10	31	21	10	47	25	20
	Apartment	99	81	29	58	82	85	50
	Total	137	144	96	124	193	150	110
NS	Semi-detached	290	218	266	228	253	250	225
	Row	89	29	17	40	144	125	125
	Apartment	501	658	1293	1063	1210	1100	1250
	Total	880	905	1576	1331	1607	1475	1600
NB	Semi-detached	106	134	113	114	186	150	120
	Row	89	94	26	153	68	150	80
	Apartment	263	347	498	622	839	700	600
	Total	458	575	637	889	1093	1000	800
QC	Semi-detached	1930	1586	1291	1309	1855	2275	1700
	Row	1074	1184	858	869	964	1225	900
	Apartment	5449	7174	7197	8311	14376	14000	13400
	Total	8453	9944	9346	10489	17195	17500	16000
ON	Semi-detached	4575	6445	7167	7106	6886	7000	6900
	Row	10073	10425	10846	10269	11849	12000	11800
	Apartment	6445	10944	12421	16275	13748	16500	14300
	Total	21093	27814	30434	33650	32483	35500	33000
MAN	Semi-detached	131	90	52	51	68	75	75
	Row	81	151	63	84	76	85	85
	Apartment	315	661	97	368	457	540	540
	Total	527	902	212	503	601	700	700
SK	Semi-detached	174	155	148	116	142	165	120
	Row	222	104	173	240	456	280	200
	Apartment	415	760	302	398	434	480	480
	Total	811	1019	623	754	1032	925	800
ALB	Semi-detached	1428	1570	1518	1957	2869	2100	2000
	Row	1512	1424	1545	1779	2531	1850	1800
	Apartment	4105	5765	6368	5669	8834	7650	7400
	Total	7045	8759	9431	9405	14234	11600	11200
B.C.	Semi-detached	1218	816	885	916	1225	1350	1400
	Row	2117	1444	1675	1686	2305	2650	2800
	Apartment	7905	5318	4410	6770	7365	8100	8500
	Total	11240	7578	6970	9372	10895	12100	12700
CAN	Semi-detached	10043	11096	11530	11883	13584	13465	12680
	Row	15287	14895	15247	15166	18482	18450	17860
	Apartment	25678	31787	32692	39658	47594	49435	46720
	Total	51008	57778	59469	66707	79660	*81400	*77300

Source: CMHC Forecast 2003-2004.

\* Total does not add due to rounding.



### Total Residential Resales (units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
<b>NFLD</b>	2288	2437	2593	2808	3014	2900	3000
%	5.4	6.5	6.4	8.3	7.3	-3.8	3.4
<b>PEI</b>	1125	1184	1206	1234	1221	1225	1225
%	39.6	5.2	1.9	2.3	-1.1	0.3	0.0
<b>NS</b>	8052	8827	8577	9441	10243	9600	9300
%	6.4	9.6	-2.8	10.1	8.5	-6.3	-3.1
<b>NB</b>	3908	4376	4524	4779	5089	5350	5000
%	-0.8	12.0	3.4	5.6	6.5	5.1	-6.5
<b>QUE</b>	45192	49792	53755	61620	71001	61500	60000
%	4.0	10.2	8.0	14.6	15.2	-13.4	-2.4
<b>ONT</b>	138463	148659	147158	162318	177406	176000	165000
%	-1.5	7.4	-1.0	10.3	9.3	-0.8	-6.3
<b>MAN</b>	10762	10867	10612	11440	10990	10800	10500
%	-3.7	1.0	-2.3	7.8	-3.9	-1.7	-2.8
<b>SASK</b>	8068	8053	7552	7971	7933	7500	7500
%	-3.3	-0.2	-6.2	5.5	-0.5	-5.5	0.0
<b>ALTA</b>	43383	42684	43311	48989	51042	49000	47000
%	-0.7	-1.6	1.5	13.1	4.2	-4.0	-4.1
<b>BC</b>	52910	58084	54179	69554	82737	78000	77000
%	-22.4	9.8	-6.7	28.4	19.0	-5.7	-1.3
<b>CAN**</b>	314151	334963	333467	380154	420676	*401900	*385500
%	-4.8	6.6	-0.4	14.0	10.7	-4.5	-4.1

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2003-2004.

(F) Forecast.

\* Total does not add due to rounding. \*\*Canada totals are for 10 provinces

### Average Residential Resale Price (dollars and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
<b>NFLD</b>	91514	94359	99525	104376	113081	117000	120000
%	-0.8	3.1	5.5	4.9	8.3	3.5	2.6
<b>PEI</b>	79577	82138	82884	87696	95117	96000	97000
%	-7.9	3.2	0.9	5.8	8.5	0.9	1.0
<b>NS</b>	97015	102628	109839	115485	126669	130500	133000
%	0.3	5.8	7.0	5.1	9.7	3.0	1.9
<b>NB</b>	85948	88072	91624	95947	100129	100000	102500
%	-1.4	2.5	4.0	4.7	4.4	-0.1	2.5
<b>QUE</b>	103947	107501	111260	115865	129504	138850	145500
%	2.2	3.4	3.5	4.1	11.8	7.2	4.8
<b>ONT</b>	167115	174049	183841	193357	210699	223000	230000
%	1.7	4.1	5.6	5.2	9.0	5.8	3.1
<b>MAN</b>	86419	86423	87884	93192	96639	98500	100000
%	1.2	0.0	1.7	6.0	3.7	1.9	1.5
<b>SASK</b>	87577	91396	94047	98310	101297	105000	107000
%	4.3	4.4	2.9	4.5	3.0	3.7	1.9
<b>ALTA</b>	132905	139621	146258	153737	170253	176000	185000
%	6.4	5.1	4.8	5.1	10.7	3.4	5.1
<b>BC</b>	212046	215283	221371	222822	238877	245000	257000
%	-3.8	1.5	2.8	0.7	7.2	2.5	4.9
<b>CAN**</b>	152393	158180	164095	171916	188168	*198100	*205600
%	-1.5	3.8	3.7	4.8	9.4	5.3	3.8

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2003-2004.

(F) Forecast.

\* Total does not add due to rounding. \*\*Canada totals are for 10 provinces

## Employment (annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	2.6	5.5	-0.2	3.3	1.2	1.5	2.0
PEI	1.9	1.5	5.3	2.0	1.8	1.5	1.5
NS	3.8	2.4	2.7	0.9	1.2	1.5	2.0
NB	2.3	3.3	1.8	-0.0	3.3	1.8	2.2
QUE	2.7	2.3	2.4	1.1	3.4	2.5	2.7
ONT	3.3	3.6	3.2	1.5	1.8	2.5	2.6
MAN	1.9	1.3	2.2	0.6	1.6	1.3	1.3
SASK	1.3	0.8	1.0	-2.6	2.0	1.3	1.2
ALTA	3.9	2.5	2.3	2.8	2.6	2.5	2.5
BC	0.1	1.9	2.2	-0.3	1.6	1.9	2.1
CAN	2.7	2.8	2.6	1.1	2.2	2.3	2.4

Source: Statistics Canada, CMHC Forecast 2003-2004.  
(F) Forecast.

## Unemployment Rate (percent)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	18.0	16.9	16.7	16.1	16.9	16.5	15.6
PEI	13.8	14.4	12.0	11.9	12.1	11.9	11.7
NS	10.5	9.6	9.1	9.7	9.6	9.5	9.4
NB	12.2	10.2	10.0	11.2	10.4	10.3	10.0
QUE	10.3	9.3	8.4	8.7	8.6	8.4	8.2
ONT	7.2	6.3	5.7	6.3	7.1	6.9	6.7
MAN	5.5	5.6	4.9	5.0	5.2	5.0	4.8
SASK	5.8	6.1	5.2	5.8	5.7	5.3	4.9
ALTA	5.6	5.7	5.0	4.6	5.3	5.0	4.7
BC	8.8	8.3	7.2	7.7	8.5	8.4	8.1
CAN	8.3	7.6	6.8	7.2	7.7	7.5	7.2

Source: Statistics Canada, CMHC Forecast 2003-2004.  
(F) Forecast.



## Real Gross Domestic Product (annual percent change)

	1998	1999	2000	2001	2002 (E)	2003 (F)	2004 (F)
NFLD	6.9	6.4	5.0	1.2	7.5	3.5	2.0
PEI	4.0	4.1	3.5	0.3	3.0	2.5	2.5
NS	3.8	5.5	2.4	2.4	3.0	3.4	3.8
NB	3.9	6.1	2.1	0.6	3.3	2.8	3.2
QUE	3.2	5.6	5.0	1.2	3.8	3.3	3.6
ONT	4.9	7.6	4.8	1.2	3.4	3.3	3.8
MAN	4.8	2.2	2.8	1.4	3.3	3.5	3.5
SASK	4.2	0.8	3.3	-2.0	2.2	2.5	2.2
ALTA	4.6	1.6	5.9	2.9	3.0	4.5	4.2
BC	1.5	2.5	4.3	0.9	2.0	2.7	3.5
CAN	4.1	5.4	4.5	1.5	3.3	3.2	3.4

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2003-2004.

(E) Estimate. (F) Forecast.

## Total Net Migration\* (persons)

	1998	1999	2000	2001	2002 (E)	2003 (F)	2004 (F)
NFLD	-7824	-3443	-4776	-3456	-3100	-2800	-2525
PEI	118	454	33	633	575	615	640
NS	182	3534	-1210	-316	400	1100	1750
NB	-2341	1190	-1987	-907	1200	1600	1500
QUE	2414	9565	11426	20138	20500	21500	22500
ONT	74340	105924	139411	145573	121315	118000	120500
MAN	-1665	350	-989	-2614	-1100	-900	-900
SASK	-1022	-5844	-7377	-7738	-8100	-6200	-5200
ALTA	45414	25935	32638	35390	35550	32200	30200
BC	10745	20339	18506	31634	26000	31200	33200
CAN**	120361	158004	185675	218337	193240	196315	201665

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2003-2004.

(F) Forecast.

\* Sum of interprovincial migration, international migration, and non-permanent residents.

\*\* Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators							
Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual chg. %	MLS™ sales	MLS™ average price	Rental vacancy rate structures of 3 units +
Victoria	2002	1,344	879	3.6	7,069	242,503	1.5
	2003(F)	1,450	910	4.3	6,575	262,000	1.8
	2004(F)	1,570	915	3.1	6,700	269,500	1.2
Vancouver	2002	13,197	4,980	2.5	34,909	301,473	1.4
	2003(F)	14,400	5,300	4.0	32,000	312,500	1.6
	2004(F)	15,600	5,800	3.0	33,500	323,000	1.5
Abbotsford	2002	1,038	560	na	na	na	2.0
	2003(F)	1,100	580	na	2,350	229,000	2.3
	2004(F)	1,150	620	na	2,450	235,000	2.5
Edmonton	2002	12,581	6,860	7.2	15,923	150,165	1.7
	2003(F)	9,750	5,750	4.0	15,250	158,000	2.5
	2004(F)	8,500	5,000	3.5	15,000	166,000	2.5
Calgary	2002	14,339	9,413	5.2	24,706	198,350	2.9
	2003(F)	12,250	8,250	4.5	22,800	207,000	2.7
	2004(F)	12,000	8,000	3.5	22,000	213,000	2.5
Saskatoon	2002	1,489	691	1.5	2,941	118,999	3.7
	2003(F)	1,050	700	2.0	2,800	123,000	2.0
	2004(F)	1,100	700	2.0	2,800	125,000	2.0
Regina	2002	651	504	3.7	2,817	100,751	1.9
	2003(F)	750	550	2.0	2,600	103,000	1.9
	2004(F)	800	600	2.0	2,650	105,000	1.9
Winnipeg	2002	1,821	1,528	2.6	9,881	98,054	1.2
	2003(F)	1,650	1,250	2.5	9,800	100,000	1.0
	2004(F)	1,600	1,250	2.0	9,750	102,500	1.2
Thunder Bay	2002	197	193	1.0	1,599	109,930	4.7
	2003(F)	240	200	1.0	1,250	116,424	3.7
	2004(F)	280	210	1.0	1,288	118,752	3.0
Sudbury	2002	298	292	1.0	2,031	110,826	5.1
	2003(F)	316	310	1.0	2,143	114,151	4.7
	2004(F)	330	320	1.0	2,250	118,146	4.0
Windsor	2002	2,490	1,726	0.5	4,938	149,656	3.9
	2003(F)	2,350	1,700	0.5	5,100	152,000	3.5
	2004(F)	2,200	1,600	1.0	5,000	156,000	2.5
London	2002	2,604	1,969	2.9	8,290	142,745	2.0
	2003(F)	2,650	1,675	2.6	7,350	145,000	2.3
	2004(F)	2,300	1,550	2.2	6,900	146,500	2.6
Kitchener	2002	4,130	3,007	4.1	5,253	177,559	2.3
	2003(F)	4,050	2,800	6.0	5,100	188,200	2.0
	2004(F)	3,900	2,550	5.0	4,750	196,600	1.3
St. Catharines-Niagara	2002	1,317	1,032	2.0	5,950	156,605	2.4
	2003(F)	1,320	1,050	1.7	5,650	151,200	2.1
	2004(F)	1,380	1,100	1.1	5,600	155,500	2.0
Hamilton	2002	3,803	2,259	4.3	12,482	183,442	1.6
	2003(F)	3,900	2,250	5.3	11,500	191,500	1.4
	2004(F)	3,700	2,150	3.0	10,750	197,500	1.4
Toronto	2002	43,805	22,115	3.4	74,107	275,975	2.5
	2003(F)	45,000	21,000	3.0	70,000	290,000	3.0
	2004(F)	40,000	18,000	2.5	64,000	295,000	2.8



## Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS™ sales	MLS™ average price	Rental vacancy rate Structures 0 3 units +
Oshawa	2002	3,490	2,955	na	8,520	204,103	2.3
	2003(F)	3,200	2,600	na	5,000	198,000	2.0
	2004(F)	2,900	2,450		4,800	205,000	1.7
Kingston	2002	810	775	na	3,646	144,413	0.9
	2003(F)	900	840	na	3,900	152,000	0.7
	2004(F)	930	860		4,000	156,000	1.0
Ottawa	2002	7,796	3,807	7.7	12,894	200,711	1.9
	2003(F)	7,200	3,700	5.0	12,500	216,600	1.6
	2004(F)	6,700	3,400	4.0	13,100	227,300	1.5
Gatineau	2002	2,553	1,574	7.7	3,823	112,755	0.5
	2003(F)	2,700	2,000	7.0	3,600	116,000	0.8
	2004(F)	2,300	1,600	3.0	3,500	118,000	1.5
Montréal	2002	20,554	10,416	5.8	46,931	143,589	0.7
	2003(F)	22,500	10,800	5.5	34,000	170,000	1.0
	2004(F)	20,000	10,000	5.5	32,000	180,000	1.5
Trois-Rivières	2002	619	250	n.a.	1,532	75,363	3.0
	2003(F)	440	260	n.a.	800	80,500	2.7
	2004(F)	420	270	n.a.	800	82,500	3.0
Sherbrooke	2002	857	416	n.a.	2,178	105,938	1.8
	2003(F)	810	330	n.a.	1,100	117,500	1.3
	2004(F)	650	300	n.a.	1,000	112,000	1.8
Québec	2002	4,282	2,327	4.3	8,771	102,627	0.3
	2003(F)	5,000	2,400	7.0	6,800	113,000	0.5
	2004(F)	4,500	2,500	5.0	6,800	118,500	1.0
Chicoutimi-Jonquière	2002	596	254	n.a.	1,436	83,982	4.9
	2003(F)	355	230	n.a.	925	93,000	5.5
	2004(F)	295	230	n.a.	945	95,750	5.2
Saint John	2002	397	338	2.1	1,505	103,544	6.3
	2003(F)	460	360	0.1	1,450	106,000	6.5
	2004(F)	525	375	0.1	1,350	108,000	4.5
Halifax	2002	3,310	1,865	3.6	6,687	148,737	2.7
	2003(F)	3,000	1,650	2.4	6,300	156,500	2.0
	2004(F)	2,650	1,250	2.2	5,975	159,000	1.8
St. John's	2002	1,350	1,093	4.3	2,893	114,626	2.7
	2003(F)	1,300	1,000	2.5	2,800	118,500	2.0
	2004(F)	1,300	950	3.5	2,850	121,000	2.0
Charlottetown	2002	461	292	0.7	1,221	95,117	2.3
	2003(F)	400	275	1.0	500	116,000	3.0
	2004(F)	375	250	1.0	525	117,000	3.0
ALL METRO AREAS	2002	152,179	84,368	3.0	314,933		1.7
	2003(F)	150,491	80,720	3.7	281,943		2.5
	2004(F)	139,955	74,800	3.1	273,033		2.6

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2003-2004  
n.a.: data not available

**Major Housing Indicators**  
**Seasonally Adjusted Annual Rates**  
**(levels and quarterly percent change)**

	01:Q1	01:Q2	01:Q3	01:Q4	02:Q1	02:Q2	02:Q3	02:Q4
<b>New housing</b>								
Building permits, units, thousands	163.4	159.4	157.6	174.7	212.9	213.6	221.0	218.3
%	9.2	-2.4	-1.2	10.9	21.8	0.3	3.4	-1.2
Housing starts, total, thousands	158.2	165.1	157.1	172.3	208.0	197.8	205.5	211.6
%	2.9	4.4	-4.8	9.7	20.7	-4.9	3.9	3.0
Housing starts, singles, thousands	94.8	91.9	94.6	104.2	124.6	124.3	124.8	129.3
%	4.9	-3.1	2.9	10.1	19.6	-0.2	0.4	3.6
Housing starts, multiples, thousands	63.4	73.2	62.5	68.1	83.4	73.5	80.7	82.3
%	0.2	15.5	-14.6	9.0	22.5	-11.9	9.8	2.0
Housing completions, total, thousands	30.2	34.7	46.0	41.0	37.0	39.6	54.7	54.3
%	-19.6	14.9	32.7	-10.8	-9.8	7.0	38.1	-0.7
New house price index, 1992=100	105.0	105.7	106.5	107.1	108.3	109.9	110.9	112.4
%	0.7	0.7	0.7	0.5	1.1	1.5	0.9	1.4
<b>Existing housing</b>								
MLS resales, units, thousands	343.8	373.4	382.1	421.3	459.7	411.6	402.1	409.3
%	3.1	8.6	2.3	10.3	9.1	-10.5	-2.3	1.8
MLS average resale price, \$C thousands	166.2	170.3	174.4	175.8	183.1	187.9	189.7	192.6
%	0.1	2.5	2.4	0.8	4.2	2.6	1.0	1.5
<b>Mortgage market</b>								
Mortgages outstanding, \$C billions	441.1	446.3	452.9	461.0	469.1	477.9	485.1	n.a.
%	1.1	1.2	1.5	1.8	1.8	1.9	1.5	n.a.
Mortgage approvals, \$C billions	82.9	89.3	89.3	120.1	na	na	na	na
%	4.7	7.7	0.0	34.5	na	na	na	na
1-year mortgage rate, per cent*	7.10	6.73	6.03	4.70	4.80	5.50	5.33	5.03
5-year mortgage rate, per cent*	7.58	7.67	7.50	6.87	7.05	7.37	6.85	6.80
<b>Residential investment**</b>								
Total, \$1997 billions	47.4	47.0	47.9	50.5	54.4	54.3	56.3	n.a.
%	0.5	-0.8	2.0	5.3	7.8	-0.3	3.7	n.a.
New, \$1997 billions	23.5	23.1	23.6	25.3	27.9	28.6	30.7	n.a.
%	2.4	-1.8	2.3	7.5	10.1	2.6	7.2	n.a.
Alterations, \$1997 billions	16.8	16.4	16.4	16.5	16.9	17.0	17.3	n.a.
%	-2.4	-2.4	0.3	0.3	2.6	0.7	1.6	n.a.
Transfer costs, \$1997 billions	7.1	7.5	7.9	8.5	9.4	8.5	8.2	n.a.
%	1.4	6.0	4.6	8.8	10.2	-9.8	-3.3	n.a.
Deflator, 1997=100	107.3	108.5	109.0	110.1	111.0	112.6	113.4	n.a.
%	0.6	1.1	0.4	1.1	0.8	1.4	0.6	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.















